

# Franchise Disclosure Document

Venture X Franchising, LLC  
A Florida Limited Liability Company  
2121 Vista Parkway  
West Palm Beach, FL 33411  
(561) 640-5342  
www.ventureX.com



The Company sells franchises that allow the purchaser to establish and operate a Venture X co-working office and meeting room facility (“Venture X Space”), featuring a blend of boutique hotel and modern office styles and décor and which is built out with co-working workspaces or workstations in collaborative, open areas, private offices, conference rooms, reception area, lounge, full kitchen, meeting rooms and sophisticated technology. A franchisee will offer and sell a variety of private membership plans for access to their Venture X Space, receptionist and administrative support services, and member events.

The total investment necessary to begin operation of a Venture X franchise is from \$748,585 to \$2,026,210. These amounts include \$489,495 to \$879,500 which must be paid to the franchisor or affiliates.

The 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 this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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 a Franchise Development Specialist at 2121 Vista Parkway, West Palm Beach, Florida 33411, (888) 816-6749.

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

**Issue Date: April 9, 2018**

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit F for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN FLORIDA. 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 FLORIDA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See State Effective Dates on next page

## STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Hawaii	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
North Dakota	Pending
Rhode Island	Pending
Virginia	Pending
Wisconsin	Pending

California-Illinois-South Dakota-Washington – separate disclosure document

New York – separate disclosure document

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ATTACHED EXHIBITS:

Exhibit A	Franchise Agreement with Schedules and State Addenda
Exhibit B	Deposit Receipt
Exhibit C	Financial Statements
Exhibit D	List of Franchisees
Exhibit E	Table of Contents for Operating Manual
Exhibit F	Agents for Service of Process/State Administrators
Exhibit G	General Release Agreement
Exhibit H	Compliance Certification
Exhibit I	Disclosure Document Addenda
Exhibit J	Disclosure Document Receipt

## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language of this disclosure document “VTX,” the “Company,” “us” or “we” refers to Venture X Franchising, LLC (the “Franchisor”). “You” means the person, including any owner, partner or corporation who is looking at our franchise.

The Company is a limited liability company formed in September 2015 in the State of Florida. Our principal place of business is 2121 Vista Parkway, West Palm Beach, Florida 33411. We do business under our corporate name and Venture X. We do not have any predecessors. The Company is owned equally by two different entities, RWT Holdings, Inc., (“RWT Holdings”) and Olivia Company, LLC, (“Olivia Company”). Our agents for service of process are listed in Exhibit F to this disclosure document.

### **COMPANY HISTORY**

We grant franchises to qualified persons for the right to own and operate a Venture X business (the “Business”) under the terms of our standard franchise agreement (a copy is attached as Exhibit A) (“Franchise Agreement”). We began granting Venture X franchises in March 2016. We have not previously offered franchises in any other line of business, and do not engage in any business activities other than offering and supporting Businesses.

### **DESCRIPTION OF A VENTURE X BUSINESS**

We offer franchises for a Business or “Space” according to the terms of our Franchise Agreement. The Franchise Agreement authorizes our franchisees to operate a single Space using our distinctive business format and method (the “System”), which includes our methods, techniques, standards, specifications, policies and procedures (the “Standards”) described in our confidential operations manual (“Manual”) or which will be communicated to you electronically, by telecommunications, or in writing. A Space operates under the mark Venture X and other trademarks, trade names, service marks, logos, emblems, trade dress, and other indicia of origin that we designate for use in connection with the System (the “Marks”).

A Space is a modern, collaborative, efficient work space and meeting room facility which features a blend of boutique hotel and modern office design and décor. A Space contains multiple types of workstations and office spaces, including private, designated and shared, open work areas (“Workstations”). Private offices have solid sound insulated walls with glass walls toward the open areas to maintain the collaborative culture of a Space. A Space also contains conference rooms, collaboration dens, meeting rooms, a full kitchen, reception area and lounge area. You will offer a variety of private memberships to individuals and businesses. Users of Workstations may subscribe to various membership plans providing for the use of one or more Workstations, or access to the Space during specified hours of use. Some membership plans provide 24/7 secure access, while other memberships may provide limited access. You may also rent certain areas to non-members for meetings. You will provide members with access to telecommunications systems, video conferencing, Internet connectivity, data transmission services, other equipment and business support services such as receptionist and administrative support as needed by your trained customer support representatives. Members will have access to other Spaces as new locations develop. The Space also hosts ongoing social, education and entrepreneur events for its members providing networking and learning opportunities.

A standard Space consists of a location with a minimum of 10,000 square feet of commercial office or retail space.

The market for the services you will offer is developing and competitive. You will be competing with other national, regional and local serviced, flexible office providers, co-working facilities, meeting and training facilities and commercial office alternatives. Many competitors are local entrepreneurs operating a small number of locations. We are aware, however, of several national and international competitors offering services that are similar to or competitive with the services that our Spaces provide. You will be offering the Space's services to a broad base of customers, consisting of business persons who require the services and flexible workspaces and meeting spaces to conduct their business.

There are federal laws and agency rules promulgated by the U.S. Postal Service governing commercial facilities that handle or receive mail that may impact the operations of your Space. There are also federal and state laws protecting persons with disabilities and against discrimination of members of protected classes that are applicable to places of public accommodation. Your Space meets the definition of a place of public accommodation for purposes of these laws, and these state and federal laws may impact the operations of your Space. You must comply with these laws and regulations and the laws generally applicable to all businesses. You should investigate these laws and regulations with an attorney.

### **AFFILIATES AND SUBSIDIARIES**

The Company has no subsidiaries. The companies listed below are disclosed as our affiliates based on the definition of *affiliate* under the Federal Trade Commission's ("FTC's") Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunities; Final Rule, as amended March 30, 2007, commonly referred to as the "Franchise Rule." (16 CFR Parts 436 and 437). The Franchise Rule provides: "*Affiliate* means an entity controlled by, controlling, or under common control with, another entity."

The Company is an affiliate of the United Franchise Group family of brands, an affiliated group of franchise companies which are located at 2121 Vista Parkway, West Palm Beach, Florida 33411 whose franchising companies are:

1. Sign\*A\*Rama Inc. ("Signarama"), the world's largest franchisor of retail sign shops, that has been in franchising since April 1987 and has 702 locations in 36 countries;
2. EmbroidMe.com, Inc. d/b/a Fully Promoted ("Fully Promoted"), a franchisor of retail stores for online marketing services, print marketing and branded products, including embroidered logoed apparel, that has been in franchising since 2001 and has 278 locations in 10 countries. In January 2017, our affiliate Fully Promoted modified the principal trademark for the retail stores from "EmbroidMe" to "Fully Promoted" and currently has franchises operating as EmbroidMe stores, franchises operating as Fully Promoted stores and franchises in the process of transitioning their operation as EmbroidMe stores to Fully Promoted stores;
3. Transworld Business Advisors, LLC ("TBA"), a franchisor of business brokerage agencies that also provide franchise referral lead services that has been franchising since December 2010 and has agencies servicing 274 territories in 7 countries;

4. Greener Energy, LLC d/b/a SuperGreen Solutions (“SuperGreen”), a franchisor of businesses offering sustainability advisory services, energy auditing, sustainability planning and energy efficient products and services that has been in franchising since April 2012 and has 40 stores in 11 countries;
5. Experimac Franchising, LLC (“EXM”), a franchisor of retail stores that buy, sell, repair and refurbish used cell phones, computers, tablets and other electronic equipment that has been franchising since October 2014 and has 126 locations in 9 countries;
6. J.S. Subs, LLC d/b/a Jon Smith Subs (“JSS”), a franchisor of restaurants offering made-to-order sandwiches that began franchising in February 2016 and has 9 locations; and
7. Great Greek Franchising, LLC (“TGG”), a franchisor of restaurants offering Greek and Mediterranean cuisine has been franchising since January 2018 and has 2 locations.

A managing member of our Company, Ray Titus, wholly owns RWT Holdings which is one of the two members of our Company. Mr. Titus also wholly owns or has a controlling ownership interest in the seven franchising companies listed above. The information disclosed above for the JSS franchise system, is as of December 31, 2016. The information for Signarama, Fully Promoted, TBA, SuperGreen, EXM and TGG franchise systems, is as of December 31, 2017. The Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS and TGG franchises are different businesses than the Business described in this disclosure document. We have not, and none of these affiliates have, offered franchises in any other line of business. None of these affiliates operate a business which is similar in nature to a Business.

Our affiliate, Franchise Real Estate, Inc. (“Franchise Real Estate”) is a real estate services company which is wholly owned by one of our managing members, Ray Titus. Franchise Real Estate’s principal business address is 2121 Vista Parkway, West Palm Beach, Florida 33411. Franchise Real Estate provides real estate services and assistance to our franchisees including retail site selection, lease negotiation, construction management and assistance with obtaining building renovation costs. Franchise Real Estate does not operate, and has not operated, a business that is similar to a Business. Franchise Real Estate does not offer, and has not offered, franchises in this or any other line of business.

There is one Venture X location in Naples, Florida owned by an affiliate, VENTUREX, LLC, a Florida limited liability company (“VENTUREX”). VENTUREX’ principal business address is 9128 Strada Place, #10115, Naples, Florida 34108. The Venture X location owned and operated by VENTUREX is similar in nature to the franchise we are offering. That business was opened in October 2012. The Venture X location in Naples, Florida is the model based upon which our Company has developed the Venture X franchise concept. VENTUREX does not offer, and has not offered, franchises in this or any other line of business, nor does it engage in any other business activities. VENTUREX is wholly owned by the co-founders of the first Venture X location, David Diamond, as trustee of his own trust and Brett Diamond who are the principals in Olivia Company which is one of the two owners of our Company.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **David Diamond – *Managing Member – Naples, FL***

- Managing Member of the Company since September 2015.
- Chief Executive Officer of VENTUREX since February 2011; in October 2012 David Diamond and his son, Brett Diamond co-founded the first Venture X location in Naples, Florida.
- CEO of DeAngelis Diamond Construction, LLC, Naples, Florida since January 1996.
- CEO of DeAngelis Diamond Healthcare, Group, LLC, Naples, Florida since January 2009.
- CEO DeAngelis Diamond Real Estate Inc. since inception January 2004.
- CEO DeAngelis Diamond Homes since inception November 2006.
- Cofounder/Vice President Otamot Development Corp since inception April 2000.
- Cofounder/Vice President DSD Homes, LLC since inception April 2005.
- Cofounder/Vice President DSD Property Management Inc. since its inception May 2004.
- CEO Startup Angel.net LLC since its inception Sept 2010.
- Cofounder Executive Vice President DAD Development Corp from January 2002 to December 2016.
- Cofounder/Member Fotek Insurance and Wellness from January 2012 to June 2015.
- Cofounder/Director BUILD LLC from February 2007 to September 2014.

#### **Rav Titus – *Managing Member – West Palm Beach, FL***

- Managing Member of the Company since September 2015.
- Chief Executive Officer of TGG since November 2017; JSS since April 2015; EXM since June 2013; SuperGreen since October 2010; and Signarama since January 2008.
- Chairman of the Board of Fully Promoted since January 2008.
- Manager of TBA since October 2010.
- Chief Executive Officer of PTA, a franchisor of tax preparation businesses in West Palm Beach, FL, from June 2017 to March 2018.
- Chief Executive Officer of Plan Ahead Events, Inc. (“PAE”), a franchisor of an event planning business in West Palm Beach, FL, from April 2012 to February 2015.

#### **Brett Diamond – *Cofounder – Naples, FL***

- Cofounder of the Company since September 2015.
- Director of Training of the Company from December 2015 to December 2017.
- Chief Operating Officer of VENTUREX in Naples, Florida since February 2011; in October 2012, Brett Diamond co-founded the first Venture X location in Naples, Florida with his father, David Diamond.
- Chief Information Officer of DeAngelis Diamond Construction, LLC in Naples, Florida since August 2014.
- Cofounder/Director Naples Herald Inc. since inception February 2014
- Cofounder GTX Voice since its inception January 2016.

#### **Thomas Weber – *President – West Palm Beach, FL***

- President of the Company since January 2017.
- Director of Commercial Finance of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS from October 2016 to December 2016.

- President/Co-founder of Aquila Property Company, Inc. in Jupiter, FL from August 2000 to October 2016.
- CEO/Co-founder of Arbitration Resolution Services, Inc. in Coral Springs, FL since March 2012.

**The following individuals are not officers or employees of the Company, however, through an arrangement between the members of our Company, and affiliates, they provide certain services relating to the sale or operation of franchises to our Company on an as needed basis since December 2015 or as otherwise noted.**

**David Baxter – – *West Palm Beach, FL***

- Chief Operating Officer of Signarama, Fully Promoted, TBA and SuperGreen and has since June 2012; EXM since June 2013; JSS since July 2015 and TGG since November 2017.
- Chief Operating Officer of PTA in West Palm Beach, FL from June 2017 to March 2018.
- Chief Operating Officer of PAE from June 2012 to February 2015.

**Walter Seltzer – *West Palm Beach, FL – Since January 2017***

- Senior Executive of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since January 2017; and TGG since November 2017.
- Senior Executive of PTA in West Palm Beach, FL from June 2017 to March 2018.
- President of JSS from April 2015 to December 2016.
- President of Accurate Franchising, Inc., a franchise development firm in West Palm Beach, FL, from March 2012 to June 2016.
- Director of Corporate Services of Signarama and Fully Promoted from January 2007 to February 2016.

**James Tatem – *West Palm Beach, FL – Since January 2017***

- Senior Executive of Signarama, TBA, SuperGreen, EXM, and JSS since January 2017; Fully Promoted since June 2016; and TGG since November 2017.
- Senior Executive of PTA in West Palm Beach, FL from June 2017 to March 2018.
- President of Signarama from January 2008 to March 2018.

**James Butler – *West Palm Beach, FL***

- Director of Sales of Signarama and Fully Promoted since December 2013; TBA since February 2015; SuperGreen since March 2012; EXM since July 2014; JSS since December 2015; and TGG since November 2017.
- Director of Sales of PTA in West Palm Beach, FL from June 2017 to March 2018.

**Nick Bruckner – *West Palm Beach, FL***

- Senior Vice President of Sales of Signarama since January 2000; Fully Promoted since October 2004; TBA since July 2014; SuperGreen since February 2015; EXM since July 2014; JSS since December 2015; and TGG since November 2017.
- Senior Vice President of Sales of PTA in West Palm Beach, FL from June 2017 to March 2018.
- Senior Vice President of Sales of PAE in West Palm Beach, FL from January 2008 to February 2015.

**Michael White – Durham, NC – Carolinas Region**

- Senior Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS and TGG since December 2017.
- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS from December 2015 to November 2017.
- Senior Executive Vice President of PTA in West Palm Beach, FL from November 2017 to March 2018.
- Executive Vice President of PTA in West Palm Beach, FL from June 2017 to November 2017.
- Regional Vice President of Signarama and Fully Promoted from 2008 to November 2015; TBA from February 2015 to November 2015; SuperGreen from January 2014 to November 2015; EXM from February 2015 to November 2015.
- Regional Vice President of PAE in West Palm Beach, FL from September 2008 to February 2015.

**Gary Lengel – West Palm Beach, FL - South Florida Region**

- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since December 2015; and TGG since November 2017.
- Executive Vice President of PTA in West Palm Beach, FL from June 2017 to March 2018.
- Regional Vice President of Signarama from December 2009 to November 2015; Fully Promoted from December 2012 to November 2015; TBA from February 2015 to November 2015; SuperGreen from January 2014 to November 2015; and EXM from February 2015 to November 2015.

**Sean Oatney – Monument, CO – Mountain Plains West Region**

- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since June 2017; and TGG since November 2017.
- Executive Vice President of PTA in Monument, CO from June 2017 to March 2018.
- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS from January 2017 to May 2017.
- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS from December 2015 to December 2016.
- Regional Vice President of Signarama and Fully Promoted from December 2012 to November 2015; TBA from February 2015 to November 2015; SuperGreen from January 2014 to November 2015; and EXM from February 2015 to November 2015.

**Mark Patek – Lees Summit, MO – N. Texas Region**

- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen EXM and JSS since January 2017; and TGG since November 2017.
- Executive Vice President of PTA in Lees Summit, MO from June 2017 to March 2018.
- Regional Vice President of Signarama and Fully Promoted from June 2014 to December 2016; TBA, SuperGreen and EXM from February 2015 to December 2016 and JSS from December 2015 to January 2017.
- Regional Sales Manager of 220 Companies/T-Mobile in Dallas, TX from December 2012 to June 2014.

**David Ross – Londonderry, NH – New England Region**

- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS

- since January 2017; and TGG since November 2017.
- Executive Vice President of PTA in Londonderry, NY from June 2017 to March 2018.
- Regional Vice President of Signarama from February 2015 to December 2016; Fully Promoted from July 2004 to December 2016; TBA from February 2015 to December 2016; SuperGreen from January 2014 to December 2016; and JSS from December 2015 to December 2016.

**Troy Thomas – West Palm Beach, FL – North Florida Region**

- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM, and JSS since January 2017; and TGG since November 2017.
- Executive Vice President of PTA in West Palm Beach, FL from June 2017 to March 2018.
- Regional Vice President of Signarama and Fully Promoted from January 2013 to December 2016; TBA from February 2015 to December 2016; SuperGreen from January 2014 to December 2016; EXM from February 2015 to December 2016 and JSS from December 2015 to December 2016.

**Todd Trembl – Plymouth, MN - Mountain Plains Region**

- Executive Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS and TGG since December 2017.
- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS from January 2016 to November 2017.
- Executive Vice President of PTA in Plymouth, MN from June 2017 to November 2017 and Regional Vice President of PTA in Plymouth, MN from November 2017 to March 2018.
- Franchise Development Director of Lift Brands, health and wellness businesses, in Chanhassan, MN from November 2014 to January 2016.
- Director of Buying Operations of Winmark Corporation; a franchisor of five retail resale businesses, in Minneapolis, MN from July 1987 to September 2014.

**Norman Benson – San Antonio, TX – San Antonio Region – Since January 2018**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, Experimac, JSS and TGG since January 2018.
- Regional Vice President of PTA in San Antonio, TX from January 2018 to March 2018.
- Director of the Military Channel of Wireless Advocates, a third-party provider of wireless products and services in Seattle, Washington, from March 2015 to December 2017.
- Director of MarketSource Inc., a contractor of TMobile, a mobile telecommunication company in San Antonio, TX, from June 2014 to February 2015.
- Regional Manager of 2020 Companies, a contractor of TMobile, a mobile telecommunication company in San Antonio, TX, from March 2012 to May 2014.

**Eric Brewstein – Maple Glen, PA – Pennsylvania Region – Since January 2017**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since January 2017; and TGG since November 2017.
- Regional Vice President of PTA in Maple Glen, PA from June 2017 to March 2018.
- Head of Sales and Cofounder of The Bacon Jams, LLC, a specialty food company in Westchester, PA, from September 2013 to March 2016.
- Director of Business Development and Founder of Corsa Advertising, LLC, an advertising agency in Conshohocken, PA, from April 2006 to April 2013.

**Jeff Carmean – Fort Wayne, IN - Indiana Region – Since December 2017**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS and TGG since December 2017.
- Regional Vice President of PTA in Fort Wayne, IN from December 2017 to March 2018.
- Account Executive of Affiliated Monitoring, an alarm system monitoring company in Union, NJ, from November 2017 to December 2017.
- Director of Franchise Development of Image Studios 360, a hair and nail salon franchise in Salt Lake City, UT, from February 2017 to November 2017.
- Senior Brand Ambassador of Seva Beauty, a cosmetic beauty salon franchise in Chicago, IL, from December 2015 to February 2017.
- President and VP of Franchise Development of Tossed, a food industry franchise in Fort Lauderdale, FL, from December 2010 to December 2015.

**Jason Chodash – Manalapan, NJ - New Jersey Region – Since December 2017**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS and TGG since December 2017.
- Regional Vice President of PTA in Manalapan, NJ from December 2017 to March 2018.
- Account Executive of Affiliated Monitoring, an alarm system monitoring company in Union, NJ, from November 2017 to December 2017.
- Director of Franchise Development of Image Studios 360, a hair and nail salon franchise in Salt Lake City, UT, from February 2017 to November 2017.
- Senior Brand Ambassador of Seva Beauty, a cosmetic beauty salon franchise in Chicago, IL, from December 2015 to February 2017.
- President and VP of Franchise Development of Tossed, a food industry franchise in Fort Lauderdale, FL, from December 2010 to December 2015.

**Robert Cusick – Roswell, GA – Georgia Region**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen and EXM since February 2015; JSS since December 2015; and TGG since November 2017.
- Regional Vice President of PTA in Roswell, GA from June 2017 to March 2018.
- Vice President of Empower, a software startup in Atlanta, GA, from February 2014 to January 2015.
- Vice President and Director of Sales of Dex Media, a media Company in Cary, NC, from October 2011 to January 2014.

**Brian Goss – Granville, OH – Ohio River Valley Region – Since April 2016**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since April 2016; and TGG since November 2017.
- Regional Vice President of PTA in Granville, OH from June 2017 to March 2018.
- Sales Executive of Moxie Software, a software company in San Bruno, CA, from June 2013 to April 2016.
- Commander in the U.S. Navy in Washington, D.C. from August 1989 to June 2013.

**Dan Nemunaitis – Crystal Lake, IL – Midwest Region**

- Regional Vice President of Signarama since November 2011; Fully Promoted since December 2013; TBA since February 2015; SuperGreen since January 2014; EXM since February 2015; JSS since December 2015; and TGG since November 2017.
- Regional Vice President of PTA in Crystal Lake, IL from June 2017 to March 2018.

**Cynthia Novak – Santa Cruz, CA – N. California Region – Since December 2017**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS and TGG since December 2017.
- Regional Vice President of PTA in Highlands Ranch, CO from December 2017 to March 2018.
- Branch Manager of Web.com, a website and digital marketing sales company in Greenwood Village, CO, from March 2014 to November 2017.
- Regional Sales Manager of Living Social Daily Deals in Denver, CO from August 2010 to February 2014.

**Evan Opel – Midlothian, VA – Mid-Atlantic Region**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since December 2015; and TGG since November 2017.
- Regional Vice President of PTA in Midlothian, VA from June 2017 to March 2018.
- Regional Manager of Signarama, Fully Promoted, TBA and SuperGreen from March 2014 to November 2015; and EXM from February 2015 to December 2015.
- Regional Manager of PAE from October 2014 to February 2015.
- Account Executive of Holiday Signs, a sign manufacturer in Chester, VA, from September 2006 to March 2014.

**Sean Palmer – Columbiana, AL – Alabama Region – Since March 2016**

- Regional Vice President of Signarama, Fully Promoted, EXM, TBA, SuperGreen and JSS since March 2016; and TGG since November 2017.
- Regional Vice President of PTA in Columbiana, AL from June 2017 to March 2018.
- Vice President of Sales – North America of Main Street Energy and Technologies, a reseller of energy efficient LED lighting in Birmingham, AL, from December 2014 to February 2016.
- Founder and President of MOVEDADDY.COM, a moving and storage company in Birmingham, AL, from January 2011 to November 2014.

**Evelyn Romero – New Britain, CT – Connecticut Region – Since March 2017**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since March 2017; and TGG since November 2017.
- Regional Vice President of PTA in New Britain, CT from June 2017 to March 2018.
- Vice President of Development of Famous Brands International, a franchise company in Broomfield, CO from March 2014 to August 2016.
- Director of Real Estate of Title Max, a title lending franchise in Savannah, GA, from March 2013 to February 2014.
- Director of Real Estate and Sales of Quiznos Master, LLC, a retail restaurant in Denver, CO, from January 2005 to November 2013.

**Jeffrey Thompson – Newport Beach, CA – Southern California Region – Since January 2016**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since January 2016; and TGG since November 2017.
- Regional Vice President of PTA in Newport Beach, CA from June 2017 to March 2018.
- Owner of T & H Foundations, a concrete design company in St. Charles, MO, from January

1996 to January 2015.

**Alan Van Campen – Suwanee, GA – Georgia Region – Since October 2017**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since October 2017; and TGG since November 2017.
- Regional Vice President of PTA in Suwanee, GA from October 2017 to March 2018.
- District Manager of American Lubefast, an oil change and preventative maintenance company in Lawrenceville, GA, from January 2016 to September 2017.
- Managing Member of Pelican Bay Holdings, LLC, an automotive detailing and service company in Buford, GA, from March 2015 to September 2016.
- Managing Member of Squeaky’s Car Wash and Service Center, an automotive detailing and service company in Suwanee, GA, from June 2009 to December 2014.

**Timothy Weigard – Shrewsbury, MD – Maryland Region – Since August 2016**

- Regional Vice President of Signarama, Fully Promoted, TBA, SuperGreen, EXM and JSS since August 2016; and TGG since November 2017.
- Regional Vice President of PTA in Shrewsbury, MD from June 2017 to March 2018. Senior Sales Representative of Gable Signs, a sign company in Baltimore, MD from January 2002 to August 2016.

**ITEM 3**

**LITIGATION**

A. Pending Litigation: None

B. Litigation Against Franchisees Commenced in the Past Fiscal Year: None

C. Completed Litigation: None

D. Restrictive Orders:

The following injunctive order relates to Signarama, an affiliate of the Company, and covers certain directors, officers and employees of Signarama:

Federal Trade Commission, Plaintiff v. Minuteman Press International, Inc., Speedy Sign-A-Rama, USA, Inc., Roy W. Titus and Jeffrey Haber, Defendants (CV 93-2496) Filed on June 4, 1993, in the United States District Court, Eastern District of New York. The Federal Trade Commission complaint alleged that the Defendants violated Section 5(a) of the Federal Trade Commission Act and the Commission’s Franchise Rule (16 CFR Part 436) by falsely representing to prospective franchisees potential gross sales levels and profitability of their franchise units, failing to disclose the obligation to pay a substantial transfer fee up on the resale of the franchise, and by making earnings claims without proper documentation and in contradiction of statements in their disclosure documents. On December 18, 1998, an injunction was filed prohibiting the Defendants excluding Haber from doing the following: A. Making, or assisting in the making of, expressly or by implication, orally or in writing, to any prospective franchisee any statement or representation of past, present or future sales, income, or gross or net profits of any existing or prospective franchisee or group of franchisees, unless at the time of making such representation the defendant possesses written material that provides a reasonable basis for the representation. B. Violating any provision of the Franchise Rule 16 C.F.R. Part 436 or

the Rule as it may later be amended and the disclosure requirements of the UFOC in effect at the time. C. Assessing or collecting a transfer/training fee from any franchisee who sells or assigns its franchise unless the selling franchisee received a copy of a disclosure statement indicating that such fee would be charged. D. Failing to monitor and investigate any complaints about compliance with the rule or the injunction. E. To cooperate with the Commission in the enforcement of this injunction.

The following order relates solely to Signarama, an affiliate of the Company:

Signarama entered into a consent order with the Securities Commissioner of Maryland in January 1996. The matter is captioned In the Matter of Speedy Sign-A-Rama, USA, Inc., and is Case No. S-95-112. It is alleged in the consent order that Signarama sold franchises in the State of Maryland after its registration under the Maryland Franchise Law had lapsed, and before it was renewed. In settlement of the matter, and while neither admitting nor denying the findings in the order, Signarama agreed to offer rescission to the franchisees, adopt a compliance program intended to avoid unregistered sales and disclose the existence of the order in its franchise disclosure document under the Maryland Franchises Law. All four franchisees stayed with Signarama.

Other than these two actions, no litigation is required to be disclosed in this Item.

#### **ITEM 4**

### **BANKRUPTCY**

**The following individuals are not officers or employees of the Company, however, through an arrangement between the members of our Company, and affiliates, they provide certain services relating to the sale or operation of franchises to our Company on an as needed basis.**

On April 2, 2009, Norman Benson, with a principal business address of 1906 Laurel Field, San Antonio, TX 78260 filed a bankruptcy petition under Chapter 13 of the United States Bankruptcy Code (United States Bankruptcy Court for the Western District of Texas, Case No. 09-51171-lmc), which was dismissed on January 12, 2011. On February 10, 2011, he re-filed a bankruptcy petition under Chapter 13 (United States Bankruptcy Court for the Western District of Texas, Case No. 09-50490-cag). He was granted a discharge on August 1, 2016. On April 21, 2015, Sean Palmer, with a principal business address of 2929 Hwy 77, Columbiana, AL 35051 filed a bankruptcy petition under Chapter 7 of the United States Bankruptcy Code (United States Bankruptcy Court for the Northern District of Alabama, Case No. 15-01601-TOM7). He was granted a discharge on July 20, 2015.

On October 13, 2010, Troy Thomas, with a principal business address of 2121 Vista Parkway, West Palm Beach, FL 33411 filed a bankruptcy petition under Chapter 7 of the United States Bankruptcy Code (United States Bankruptcy Court for the Eastern District of Michigan, Case No. 10-71480). He was granted a discharge on January 4, 2011.

Except as set forth above, no bankruptcy information is required to be disclosed in this Item.

#### **ITEM 5**

### **INITIAL FEES**

Except as noted below, all franchisees purchasing a new Venture X franchise pay an initial franchise fee of \$79,500 when they enter into our Franchise Agreement. Prior to executing the Franchise Agreement, you will be required to pay a \$19,500 deposit (commonly referred to as a

“binder”) upon signing a Deposit Receipt, a copy of which is attached to this disclosure document as Exhibit B. At least 14 days prior to paying this binder or signing a Deposit Receipt, we will provide you with a copy of this franchise disclosure document, together with a copy of all proposed agreements relating to the sale. This binder is fully refundable if you do not purchase a Venture X franchise. After we receive your binder, we assist you with your search for your location. On the date you enter into your Franchise Agreement, the binder is applied against the initial franchise fee, leaving a remainder of \$60,000. The initial franchise fee is non-refundable.

Venture X franchisees acquiring a second location will pay a second Space franchise fee of \$49,500 that is nonrefundable and due at closing. See Item 6 regarding payment of royalties by a conversion franchisee. In addition, if you are purchasing an existing resale outlet, the seller will pay to us \$39,500 or the then current transfer fee from the closing proceeds as described in Items 6 and 7. Eligible United States military veterans will receive a discount of 10% of the standard franchise fee or 5% of the standard transfer fee. An eligible veteran is a veteran who has received an honorable discharge. Owners in good standing of our affiliated brands (Signarama, Fully Promoted, TBA, SuperGreen, EXM, JSS, and TGG) purchasing our franchise will pay a franchise fee of \$49,500.

In addition to the initial franchise fee, you must purchase an equipment and supplies package from us. Except for a few items, the equipment and supplies package contains all of the furniture, fixtures, interior and exterior signage, wall graphics, appliances, office supplies and office equipment, multimedia electronic equipment and other items needed to set up a Space. The cost of the equipment and supplies package including shipping is \$394,995 - \$750,000 plus taxes. A deposit of \$100,000 is due upon signing the Franchise Agreement. An additional \$100,000 must be paid at the time the lease is signed, with the remaining balance paid when the final architectural drawings for the design and build-out of the Space are completed.

Amounts paid for equipment are uniformly charged and are not refundable.

Depending on your location needs, you will pay our affiliate, Franchise Real Estate, or another approved supplier designated by Franchise Real Estate, a Design and Project Management Fee (“DPM Fee”) ranging from \$15,000 to \$50,000. The amount of the DPM Fee will depend on the condition of the space, renovations needed, the experience you have and services you select. You will pay the minimum DPM Fee of \$15,000 upon signing of the Franchise Agreement, and the balance will be due and payable prior to the commencement of the due diligence and design of the Space. The DPM Fee is uniformly charged and is not refundable.

Franchise Real Estate also assists our franchisees with site selection and lease negotiation. You may use Franchise Real Estate for site selection and lease negotiation assistance at your option. Franchise Real Estate may be compensated by your landlord for their services, but if you opt not to use Franchise Real Estate for site selection and lease negotiation services, and you retain another real estate company for this assistance, then you will be required to pay a service charge to Franchise Real Estate of \$15,000. This service charge will be required to be paid prior to opening your Space. This service charge is uniformly charged and is non-refundable.

## ITEM 6

### OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty <sup>1</sup>	6% of your gross revenues	Payable monthly on the 10 <sup>th</sup> business day of the following month	Gross revenues include all revenue from the franchise location. Gross revenues do not include sales tax
Marketing Fund Contribution <sup>2</sup>	Currently, 1% of your gross revenues or \$500 per month, whichever is greater	Payable monthly on the 10 <sup>th</sup> business day of the following month	See Item 11 for more information on marketing
Market Cooperative Contribution <sup>3</sup>	As determined by the co-op. Currently, none	As determined by the co-op.	Payable to the cooperative. We have the right to establish local or regional cooperatives
Transfer Fee	The greater of \$39,500 or then current transfer fee at time of transfer	Prior to consummation of transfer	Payable by the seller from the proceeds of the sale of the franchise
Training Fee <sup>4</sup>	\$225 or then current training fee	Prior to attendance at training	Payable to VTX
Technology Fee <sup>5</sup>	\$50 per month or then current fee	Payable monthly on the 10 <sup>th</sup> business day starting the second month your Space is open.	Payable to VTX
Office Software <sup>6</sup> Fee	\$300 to \$450 per month or then current fee	Payable monthly when you start to sell memberships for your Space.	Payable to VTX or a third party software provider
Contact Management Software Fee <sup>6</sup>	\$100 per month or then current fee	Payable monthly when you start marketing your Space.	Payable to VTX or a third party software provider
Renewal Fee	\$1,500	30 days before renewal.	To cover costs of closing and processing paper work
Audit <sup>7</sup>	Cost of audit plus interest on underpayment	Payable at the time of audit	Payable only if an audit shows an understatement of at least 2% on any one-month's reports

Name of Fee	Amount	Due Date	Remarks
Indemnification	Damages sustained by us or our affiliates as a result of actions by you. Amount will vary.	If and when incurred	You are obligated to reimburse us for the cost of defending claims against us or our affiliates as a result of operation of your Business and to reimburse us for any damages sustained by us as a result of any such claims.
Attorney Fees	Reasonable attorney fees and costs	On demand	If you fail to pay any amounts due us or our affiliates, or if you otherwise default under a Franchise Agreement you must pay our costs of collection or enforcement.

Unless indicated otherwise, the fees or payments listed above are nonrefundable. All of the fees listed above are uniformly applied to franchisees. All fees are imposed and collected by us, and only payable to us, unless otherwise indicated.

<sup>1</sup>Our Franchise Agreement requires you to pay to us a continuing royalty, which is payable monthly. You are prohibited from offsetting or deducting this required royalty payment in any form or fashion. Reporting and payment of royalties shall be done electronically by such methods as the Company may direct from time to time. For a detailed definition of Gross Revenue, please see Section 10.F of the Franchise Agreement.

<sup>2</sup>The Marketing Fund Contribution is paid to the Venture X Marketing Fund. This fee will be used for national advertising, Internet advertising and web hosting and development. See Item 11 for more information regarding the Marketing Fund. In addition, you will conduct your own local marketing as described in Item 11.

<sup>3</sup>There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

<sup>4</sup>A training fee is charged for employees of a franchisee attending a training class. This fee is subject to change during the term of the franchise.

<sup>5</sup>The Technology Fee is for hosting and maintenance of your website, and domain and email addresses. This fee is subject to change during the term of the franchise.

<sup>6</sup>The Office Software Fee is for use and maintenance of Venture X OS, the operating system you will use to manage the Space. This fee varies depending on the number of members and size of facility and is subject to change during the term of the franchise. The Contact Management

Software Fee is for use of a software program you will use in the process of marketing and advertising your Space.

<sup>7</sup>You give us the right at all times to examine your Venture X OS operating system, point of sale system, bookkeeping system, financial books, bank accounts, bank statements, tax returns and records relating to the Space together with the right to make copies. You must provide system reports and data, copies of your financial books, bank statements, tax returns and other records to us if we request. This right to audit shall also apply to any other business operated from the location of your Space that is owned or controlled by you or a member of your family. You are not permitted to combine or commingle your Business operations with that of any other business. You are not permitted to use the bank account, Venture X OS, point of sale system or bookkeeping system designated for your Business to process transactions or sales, make deposits, or pay expenses for another business. You must keep the financial books and records of your Business separate and apart from your personal financial books and records and from the books and records of any other business you own or operate. You must not file consolidated tax returns for the Business which consolidate the income and deductions of the Business with those of another business. This audit will be at our sole expense; provided, however, you will pay the reasonable cost of any audit where this audit discloses that you have paid less than 98% of your royalties in any one month, plus interest at the lesser of 18% or the highest rate allowed by law from the date such royalties were due. You will be required to maintain all of your financial records for a period of 6 years. In addition, you will be required to provide us with a profit and loss statement monthly and/or sales reports, as we may direct. You must also send to us financial reports quarterly in the form that we request (balance sheet, profit and loss statement, etc.). You must also provide us with copies of your tax returns on an annual basis. Financial statements and reports for the Business must not be consolidated with any other business. If you consolidate, combine or commingle any of the financial books and records, tax returns or financial reports for the Business with those of another business or use your Venture X OS, point of sale or bookkeeping systems or bank account designated for the Business in the operations of another business, our right to audit will be extended to the complete financial records, tax returns, books and bank accounts of the other business. The highest interest rate allowed in California is 10% annually.

If your franchise is located in a jurisdiction where the franchise fee, royalty or any other fees paid by you to us are subject to a tax, then you will be required to pay those taxes.

You must file all state, federal and local financial reports and returns that may be required by law relative to operating your Space. We have the right to request copies of all of these reports or returns.

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**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee <sup>1</sup>	\$79,500	Lump sum	At signing of Franchise Agreement	VTX
Travel and Living expenses while at training school <sup>2</sup>	\$90 to \$210 (\$15 to \$35 per day)	As incurred	During training	Restaurants, Entertainment, etc.
Real Estate (Rental payments vary from location to location.) <sup>3</sup>	Note 3	Note 3	Note 3	Note 3
Space Build Out <sup>4</sup>	\$150,000 - \$850,000	As incurred	Prior to Space Opening	Architects, Contractors and/or Landlord
Equipment and Supplies Package <sup>5</sup>	\$394,995 – \$750,000	Lump sum	A deposit of \$100,000 is due at the signing of the Franchise Agreement. An additional \$100,000 must be paid at the time the premises lease is signed, with the remaining balance paid when the final architectural drawings for the design and build-out of the Space are completed	VTX
Real Estate Service Charge <sup>6</sup>	\$0 - \$15,000	Lump sum	Prior to start of business	Franchise Real Estate, an affiliate of VTX

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
DPM Fee <sup>7</sup>	\$15,000 - \$50,000	Lump sum	\$15,000 is due at the signing of the Franchise Agreement; with the balance paid before commencement of the due diligence and design of the Space	Franchise Real Estate or Approved Suppliers
Insurance <sup>8</sup>	\$1,000 to \$2,000	As arranged	As incurred	Supplier
Security Deposit/ Utility Deposits/ Licenses <sup>9</sup>	\$1,500 to \$3,000	As arranged	As incurred	Suppliers, Utilities, Licensing Authorities
Opening Supplies	\$500 to \$2,500	Lump sum	As incurred	Suppliers
Advertising <sup>10</sup>	\$6,000 to \$24,000	As incurred	As incurred	Suppliers
Additional Funds (0-6 mos.) <sup>11</sup>	\$100,000 to \$250,000	As incurred	As incurred	Employees, suppliers and other third party vendors
Totals	Low = \$748,585 High = \$2,026,210			

(Except where noted otherwise, all amounts that you pay to us are nonrefundable. Third party lessors and suppliers will decide if payments to them are refundable. We do not offer direct or indirect financing for any of your initial investment.)

<sup>1</sup> The initial franchise fee is discussed in detail in Item 5 of this disclosure document.

<sup>2</sup> We provide one round trip airfare to our Florida corporate headquarters where we hold our training. We also provide your hotel accommodations and one daily meal. The only costs that you will incur will be for your other daily meals, local transportation and your entertainment. Of course, these costs will vary depending upon your requirements.

<sup>3</sup> A typical new Space will occupy a minimum of 10,000 square feet of interior space with HVAC, lighting fixtures, electrical outlets and telephone wiring installed for your Business. Cost per square foot of leasing commercial space varies greatly depending on your location and the market conditions affecting commercial property.

<sup>4</sup> You will be responsible for paying the cost of building out the premises. That cost of constructing or remodeling and preparing your location will depend on a number of variables, including the condition, the square footage and the construction costs prevailing in the area where your Space will be located. We estimate improvements to the premises will range from \$150,000 to \$850,000 or more. These costs vary widely depending on the quality of workmanship, reputation and

experience of the professionals engaged, the geographic area and the extent of the work to be performed.

The lower estimate is based on cost assumptions of \$15 per square foot if you are converting a similar business to a Space or if the premises already have some of the improvements you need. The higher estimate is based on the assumption that improvement costs are \$90 per square foot and your location has existing ADA restrooms. The range is based on 10,000 square feet of useable space and your costs may be substantially higher. Factors such as demolition, flooring, walls, painting, doors, windows, HVAC, ceiling, sprinklers, lights, electricity, heating and air conditioning, plumbing, plans, permits and the presence or absence of ADA bathrooms will affect the range of costs. Labor costs incurred in construction or remodeling may also vary significantly and may vary depending on the market. The range of numbers above are reflective of totals after any construction improvement allowances given by the landlord (assuming that you lease the premises) which are reimbursable to you on terms agreed to by you and the landlord.

<sup>5</sup> The standard cost of the Equipment and Supplies Package is \$394,995 and is based on selecting a premises with a standard layout consisting of 10,000 square feet of usable office space. Your location may vary in size from the standard premises and a larger location will require additional furniture and fixtures. Some of your equipment will require interior cabling and wiring, and these items are not included in the Equipment and Supplies Package or estimated cost, but they are included in the Space build out costs (see note 4 above). A deposit of \$100,000 is due upon signing the Franchise Agreement. An additional \$100,000 must be paid at the time the lease is signed, with the remaining balance paid when the final architectural drawings for the design and build-out of the Space are completed. The deposit will be refunded to you upon funding by the finance or leasing company or credited against any down payment required by the financing or leasing company.

<sup>6</sup> Our affiliate, Franchise Real Estate, may assist you, at your option, in locating and negotiating the lease for the premises and, in some cases, may receive compensation from the landlord. Franchise Real Estate may be compensated by your landlord for their services, but if you opt not to use Franchise Real Estate and you retain another real estate company for this assistance, then you will be required to pay a service charge to Franchise Real Estate for their pre-opening assistance of \$15,000. See Item 5.

<sup>7</sup> The amount of the DPM Fee will depend on the condition of the Space, renovations needed, experience you have and the services you select. You will pay the minimum DPM Fee of \$15,000 upon signing the Franchise Agreement, with the balance due and payable prior to the commencement of the due diligence and design of the Space. The DPM Fee includes assistance and preliminary review for up to 4 sites for the proposed Venture X location and then assistance on construction. Franchise Real Estate also provides a more detailed review for up to two sites. Additional sites and project work are billed at the then current rate.

<sup>8</sup> You are obligated under the Franchise Agreement to hold certain business insurance policies including comprehensive general liability policy, a policy covering “all risk” of physical loss, and additional policies as may be required under your local laws or ordinances. We also recommend that you obtain cyber liability, data security and technology errors and omissions insurance. The amount listed in this table reflects our estimate of basic insurance for your first six months of operation. Your expenses will vary depending on your exact requirements as dictated by your landlord and/or local insurance rates.

<sup>9</sup> You will need to provide deposits for your real estate and your utilities. The amounts of these deposits will vary depending on the practices of your landlord and/or utility company. You must

also register your Business with the local county along with a fictitious name and other requirements of your local or state government. Each of these entities may charge a fee for your registration and/or certain taxes.

<sup>10</sup> Advertising expense for the first 6 months includes monthly expenditures on local advertising from \$1,000 to \$2,000 and may include additional/incremental online advertising, print, radio, signage, other broadcast media or other costs related to local community engagements or promotional events. It is recommended that you conduct a grand opening advertising campaign and initial advertising blitz which you can either conduct on your own following our guidelines or through a marketing firm we recommend or approve for an additional \$3,000 to \$12,000. Costs vary depending on your market.

<sup>11</sup> You will need capital to support your ongoing expenses, e.g. payroll and utilities, to the extent that these costs are not covered by sales revenue when you first open. This figure does not include sums necessary for living or personal expenses nor payments for your debt service. New businesses often generate a negative cash flow for a time. We estimate the amount given will be sufficient to cover on-going expenses for the start-up phase of your Business that we calculate to be up to 6 months. However, this is only an estimate and we cannot assure you that additional capital will not be necessary during your start-up phase. Our estimate of the capital you will need to support your ongoing expenses during your start-up phase is based on the average costs of our affiliate, VENTUREX and VENTUREX's experience in establishing a Venture X business in Naples, Florida in 2012. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the prevailing wage rate, the local market for your Venture X business, competition and occupancy levels reached during the start-up phase.

The total is an estimate of your initial investment and is based on our estimate of average costs and market conditions prevailing as of the date of this disclosure document and the 5 years of experience of our affiliate, VENTUREX, in its location in Naples, Florida. We encourage you to seek the advice of your business advisor, accountant or attorney to help formulate a business plan and a methodology of your Business operation. *Remember: A business plan is an important step in understanding your financial needs.* You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and other local market conditions, which can be highly variable. You must bear any deviation or escalation in costs from the estimates in this Item 7.

## **ITEM 8**

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

In order to ensure a uniform image and uniform quality of products and services in all Venture X locations, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip the building from which you operate the Business in accordance with our then current approved design specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state or local laws.

You also must use equipment (which includes hardware and software for the computer system), signage, fixtures, furnishings and marketing and sales promotion materials that meet our specifications and/or standards. The standards and specifications imposed on franchisees are formulated and modified based on industry standards and the experience of David Diamond, the

Chief Executive Officer of VENTUREX, in operating the Venture X location in Naples, Florida for quality and efficiency. The standards and specifications are issued to franchisees through the Manual and by periodic informational updates. The Franchise Agreement requires you to sell or use only those products and services in connection with the Venture X Marks and Business that we have approved in writing. The purpose of this requirement is to ensure that all franchisees adhere to the uniformity requirements and quality standards associated with Venture X businesses.

As noted in Items 5 and 7, you must buy an Equipment and Supplies Package from us. This package contains all of the equipment and supplies you will need, except for a few items, to begin operations. The Equipment and Supplies Package is further described in Schedule A attached to the Franchise Agreement. For the year ended December 31, 2017, our gross revenue from the sale of equipment and supplies to franchisees was \$2,266,041 or 66.4% of our total revenue of \$3,412,454.

As noted in Item 6, you are also required to purchase website, domain, email and office software hosting and maintenance services from us. For the year ended December 31, 2017, our gross revenue from franchisee purchases of these services was \$1,250 or .04% of our total revenue of \$3,412,454.

As described in Items 5 and 7, you must obtain design and project management services from our affiliate, Franchise Real Estate, including assistance and preliminary review of up to 4 sites for the proposed Venture X location, a more detailed review of up to 2 sites and then construction assistance for the build out and renovation of the site. Franchise Real Estate may designate approved suppliers as an alternate source for some of the design and project management services from time to time. At your option, you may also obtain assistance with site selection and lease negotiation from Franchise Real Estate. If you opt not to obtain site selection and lease negotiation services from Franchise Real Estate and you use another real estate services company for these services, you pay a service fee of \$15,000 to Franchise Real Estate. When you use Franchise Real Estate's site selection and lease negotiation services, it may receive compensation from the lessor of your Business premises. For the year December 31, 2017, Franchise Real Estate's revenue from providing design, project management and other real estate services to franchisees was \$0 or 0% of the affiliate's total revenue of \$590,397. We computed the affiliate's total revenue and its revenue from providing real estate services to franchisees using the affiliate's audited financial statement for the year ended December 31, 2017. Our CEO, Ray Titus, owns an interest in the Company and Franchise Real Estate.

Except for the Equipment and Supplies Package, replacement furniture, technology services, software maintenance and real estate design and project management services, neither the Company nor any of its affiliates will be a supplier of any product or service. We have an approved supplier for a VOIP phone system. At your option you may obtain your VOIP phone system from our approved supplier or from another supplier of your choosing. Our Vice President, Brett Diamond, owns an interest in the approved supplier. At this time, we do not have any approved suppliers for any other product or service. We reserve the right to add or delete categories of products and services which must be purchased from approved suppliers. We provide you with a list of the names, addresses, and phone numbers of local and national vendors approved for your use when you open your location. Furthermore, in an effort to provide you additional benefits, we do interview, select, and negotiate prices, shipping and other terms with suppliers. For your convenience, we maintain an active electronic list of all vendors, specials they offer for our franchisees, if any, as well as updated addresses and phone numbers. Although we reserve the right to do so in the future, we do not currently (i) provide written specifications standards or criteria for approving suppliers to franchisees, (ii) have a formal procedure for supplier approval, or (iii) charge fees for supplier approval.

We may receive payments from suppliers in connection with franchisee purchases. The payments from these suppliers are in a range of 0-5% of the total purchases by franchisees from these suppliers. The suppliers also may sponsor events and/or rent booths at our regional meetings and may advertise in publications issued by us. Except as disclosed above, we derive no revenue or other material benefit from suppliers that provide products or services to our franchisees. We do not provide material benefits to our franchisees based on a franchisee's use of a designated or approved source. When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

We estimate that approximately 90% to 95% of your expenditures for purchases and leases in establishing your franchise Business will be for goods and services that must be purchased from us or according to our specifications and standards, and approximately 5% to 10% of your expenditures to operate the franchise Business on an ongoing basis will be for goods and services that must be purchased from us or according to our specifications and standards.

The Franchise Agreement requires you to purchase and maintain liability insurance in an aggregate amount that we designate periodically, as described in Item 7. You also must purchase and maintain any other insurance required by any agreement related to the franchise Business or law. You must furnish to us copies of all insurance policies. You may use only marketing and promotional materials that we have approved. (See Items 6 and 11 for more information on marketing).

There are no purchasing or distribution cooperatives in the System that offer to you certain products used in the franchise Business.

Our standards, specifications and designation of approved suppliers disclosed above are required for the purpose of protecting the goodwill associated with the Venture X trademarks and to ensure a uniform image and uniform quality services in all Venture X locations. We will vary our standards, specifications and designations at your request if necessary for you to comply with local laws or regulations.

## 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 statement.**

	<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
a.	Site selection and acquisition/lease	Section 3	Items 7, 11 and 12
b.	Pre-opening purchase/leases	Section 6	Items 5, 7 and 8

	<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
c.	Site development and other pre-opening requirements	Section 6	Items 5, 7 and 11
d.	Initial and ongoing training	Sections 6.C, 7 and 8	Items 7 and 11
e.	Opening	Section 6	Item 11
f.	Fees	Section 10	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 6, 11, 12 and 13	Item 11
h.	Trademarks and proprietary information	Sections 6.F, 6.G and 14	Items 13 and 14
i.	Restrictions on products/services offered	Section 6.Q	Item 16
j.	Warranty and customer service requirements	Sections 6 and 21	Item 11
k.	Territorial development and sales quotas	Sections 1.C, 1.D and 6.S	Item 12
l.	Ongoing product/service purchases	Sections 6.A, 6.B and 6.R	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2.C, 6.J, 6.P, 6.Q and 6.BB	Item 11
n.	Insurance	Section 13	Item 6
o.	Advertising	Section 12	Item 11
p.	Indemnification	Section 6.Y	Item 6
q.	Owner's participation/management/staffing	Sections 6.D, 6.N and 6.T	Items 11 and 15
r.	Records and reports	Sections 10.F and 11.A	Item 6
s.	Inspection and audits	Section 11	Items 6 and 11

	<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
t.	Transfer	Section 15	Item 17
u.	Renewal	Sections 2.B, 2.C, 2.D and 2.E	Item 17
v.	Post-termination obligations	Section 17	Item 17
w	Non-competition covenants	Section 17.F	Item 17
x.	Dispute resolution	Sections 25 and 26.D	Item 17
y.	Other	Not applicable	Not applicable

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## **ITEM 10**

### **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or any other obligation.

## **ITEM 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as provided below, VTX is not required to provide you with any assistance.**

#### **PREOPENING OBLIGATIONS**

Prior to opening your franchise to the public, we are required under the Franchise Agreement to provide the following assistance and service to you:

1. At least 14 days after we provide you with a copy of this franchise disclosure document, together with a copy of any proposed agreements relating to the sale of the franchise, you pay to us your fully refundable deposit of \$19,500, and we begin the process of helping you find a location for your Space. We do not own the location that you will lease. Your lease will be between you and the landlord. While we are not obligated to help you negotiate your lease, as noted in Item 5, you may obtain assistance from our affiliate, Franchise Real Estate. Both, you and we must approve selection of any proposed Space site. We use our business experience, and also demographics of your community in helping you locate your site. You retain final approval of the site selected and leased by you. (See the Franchise Agreement Sections 3 and 4.B. and C).
2. Provide advice regard to establishing the Space including assistance with establishing a marketing program. (See the Franchise Agreement Section 4.A).
3. We consult with you regarding alterations, refurbishment, renovation, decoration or other work needed for the conversion of the premises to a Space including layout designs and provide advice with regard to the installation of the fixtures and equipment with a view towards the efficient operation of the Business. (See the Franchise Agreement, Sections 4.D and 4.G).
4. Prior to opening your Space we will bring you to our national headquarters in West Palm Beach, Florida for our one-week training program. We will provide you with a hotel room and a daily meal during your stay. In addition, you will undergo what we believe is the most advanced, complete and best training in our business. We will provide additional training for your employees at your expense. (See the Franchise Agreement Section 7).
5. We assist you during your initial set up and operation of your Space. We send qualified field/marketing representatives to your location for a minimum 40 hours during this period. (See the Franchise Agreement Section 4.F). Our representative(s) will help you with additional training, guidance on beginning your Business and other means of assistance.

6. Except for a few items, such as a security monitoring system and lighting fixtures, all of your equipment, signage and initial supplies (the Equipment and Supplies Package) will come from us. (See the Franchise Agreement Sections 4.E and 6.A as well as Item 8 of this disclosure document). We deliver your Equipment and Supplies Package to your location, and upon its arrival, assist you in installing it and setting up your Space. Your website is included with your Equipment and Supplies Package and will be installed and activated by us. As a Space does not sell products, there is no product inventory that we supply, specify or that you need to open or operate the Space.
7. Included in your Equipment and Supplies Package, we provide you with a bookkeeping system. (See the Franchise Agreement Section 4.H).
8. We provide you with a detailed Manual together with other relevant manuals and written material which will aid you in the operation of your Space. (See the Franchise Agreement Sections 4.I and 4.J).
9. We provide you with a starter supply of printed materials consisting of letterhead, envelopes, flyers and business cards. (See the Franchise Agreement Section 4.K)

VTX may delegate the performance of any or all of its obligations hereunder to such third parties, including its affiliated companies, as it deems advisable.

### **VTX'S CONTINUING OBLIGATIONS**

During the ongoing operation of your Space, we are required by our Franchise Agreement to provide the following assistance and services to you.

1. We will endeavor to create or develop new and improved methods of conducting a Business in accordance with the System. We will provide you with details regarding any improvements or innovations that we make to the System to enable you to keep your Manual up to date. (See the Franchise Agreement Sections 5.A and 9.A).
2. We will visit you at your Space at least once each year in order to ascertain the progress of your Space and to assist you. Furthermore, you may at any time request that we send out a field/marketing representative to aid you in your Business. If we have a representative available at the time of your request, we will send them at an agreed to cost. (See the Franchise Agreement Section 5.B).
3. We currently provide at least one regional meeting per year for Venture X franchisees either at our headquarters in West Palm Beach, Florida or at other locations convenient for our franchisees. We invite vendors, suppliers and outside contractors to these meetings in order to make you aware of technological advancements and to potentially save you money on your ongoing supplies. In addition, we conduct seminars on many topics relating to your ongoing training and improved operation of your Space. Furthermore, we update you on the progress of our company and the System as a whole. These meetings occur from time to time at our discretion. We invite and encourage all of our franchisees to attend each of these meetings and seminars. (See the Franchise Agreement Section 5.C).
4. We will send you a copy of our corporate newsletter in electronic format from time to time. The corporate newsletter contains useful and pertinent information relating to the ongoing operation of your Space as well as money saving specials provided to you by outside vendors. (See the Franchise Agreement Section 5.D).

5. From time to time we will send you bulletins on sales and service methods, marketing development and techniques, and business and operating procedures. (See the Franchise Agreement Section 5.E).
6. We will offer you continual advice and support for all your Space's equipment including, hardware and software by toll free telephone and email and provide access to a website from which you may download additional programs and data. (See the Franchise Agreement Sections 5.F and G).

## **ADVERTISING**

### *Marketing Fund*

You are required to pay a monthly Marketing Fund Contribution equal to 1% of your gross revenues or \$500 (whichever is greater) to the Venture X Marketing Fund (the "Marketing Fund"). (See Item 6 of this disclosure document). Your Marketing Fund Contributions will be collected by automatic withdrawal from your designated bank account on the 10<sup>th</sup> business day of each month based on your gross revenues for the prior month.

We will use the Marketing Fund for marketing, advertising, and public relations materials, programs and campaigns and related overhead. Media coverage may be local, regional or national. Except in connection with the Marketing Fund, we are not obligated to conduct advertising for you.

The sources used by the Marketing Fund may be in-house, or national or regional agencies. There is no obligation to use the assets of the Marketing Fund to spend any amount in your area.

If we were to open any company-owned Spaces, such Spaces would pay the same Marketing Fund Contribution as a new franchisee at that time. Our affiliate's Venture X Space in Naples, Florida does not pay a Marketing Fund Contribution to the Marketing Fund.

We administer the Marketing Fund and manage the financial and administrative functions of the Marketing Fund. The Marketing Fund is not audited. We will make unaudited annual financial statements available to franchisees upon request. If not all funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year. No money from the Marketing Fund is spent principally to solicit new franchise sales.

During calendar year 2017, Marketing Fund Contributions were as follows: 71.8% for advertising expenses and 28.2% for administrative expenses.

### *Local Advertising*

In addition to the Marketing Fund Contributions, you will be responsible for all of your own direct marketing and local advertising of the Business. You must expend at least an amount equal to 5% of all gross revenues on direct marketing or local advertising (including public relations) in each year. Of that 5%, at least half must be spent on digital advertising such as online advertising, pay per click, search engine optimization of your website, mobile marketing (text messaging) and establishment of QR codes. For the purposes of this paragraph, the term "direct marketing or local marketing" shall mean all marketing and public relations costs, advertising and promotions affected through the medium of the Internet, mobile marketing, email and other digital communications media, local radio or television broadcasts, newspapers, periodicals, billboard advertising and public relations. Upon our request, you must submit to us an accounting of the monies you have spent, together with copies/proof of all marketing.

We must approve your marketing materials prior to their use. We will not unreasonably withhold approval of any marketing materials that you propose to use, if your materials are factually accurate and current, conform to the highest standards of ethical marketing and all applicable laws and regulations, are in good taste and accurately depict the Marks. Our review and approval of your marketing materials is not a warranty of any kind. You are responsible for ensuring that your materials are factually accurate and current, and that all materials and activities conform to the highest standards of ethical marketing and applicable laws and regulations.

#### *Advertising Council*

Currently, there is no advertising council composed of franchisees that advises us on advertising policies.

#### *Marketing Cooperatives*

We do not currently have any local or regional advertising cooperatives, however, we have the right to require you to participate in a local or regional advertising cooperative if one is formed for your area.

We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members and franchisees in the same cooperative will contribute at the same rate. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees.

We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review.

Cooperatives must prepare annual financial statements which are available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

### **COMPUTER HARDWARE AND SOFTWARE SYSTEMS**

You must install computer systems meeting our standards, as modified from time to time in response to business, operations and marketing condition. The computer hardware and software systems described below are included in Schedule A to the Franchise Agreement. The cost of this hardware and software is \$6,500 which is included in the Schedule A Equipment and Supplies Package price.

- Apple® computer system including keyboard and mouse
- Apple MacBook Pro® laptop computer
- Apple iPad® tablet computer
- Microsoft® Office

(Apple, MacBook Pro and iPad are registered trademarks of Apple Inc. Microsoft is a registered trademark of Microsoft Corporation.)

We will have independent access to the information and data that is electronically collected in the computer system provided in the Schedule A Equipment and Supplies Package. There are no contractual limitations on the type of information and data we may access or our right to access any information and data generated by or stored in the computer system. The computer hardware and software will be used to communicate with us, your members and prospective members, vendors, data regarding clients and vendors and maintain the accounting records for your Space. In addition to the computer and hardware software listed above, you will need: Internet access and a cell phone.

You may have to upgrade your computer system and software from time to time, the cost of which cannot be determined at this time. There is no limitation on the cost of any required upgrade. You are responsible for all maintenance, repairs, or upgrades to your computer system and hardware. We have no contractual obligation to provide maintenance, repairs, updates or upgrades for your computer system or hardware. Starting with the second month your Space is open you are required to pay us a monthly Technology Fee of \$50 or the then current fee for website, domain and email accounts hosting and maintenance (for up to 3 email accounts). When you begin selling memberships for your Space, you will pay us (or a third party supplier we designate) a monthly Office Software Fee of \$300 to \$450 or the then current fee for the use and maintenance of the Venture X OS, which is the operating system for your Space. The Office Software Fee varies depending on the size of your facility and your membership. When you begin marketing and advertising for your Space, you will pay us (or a third party supplier we designate) a monthly Contact Management Software Fee of \$100 per month or the then current fee.

We require that during the term of the Franchise Agreement you use the Internet web page supplied as part of the equipment package described in Schedule A to the Franchise Agreement. We retain the right to control the content of this web page. You cannot use any other web page in connection with the operation of your Venture X without our consent.

### **SELECTION OF YOUR LOCATION**

In assisting you to locate your Space site, we analyze extensive demographic information regarding your community. We assess the demographics and then visit potential sites in your area with you. We generally will respond within 30 days of your request for approval of a proposed site. If we do not approve the site you proposed, we will allow you to examine alternative sites for your Space. Approval must be obtained and operations must commence within 365 days of the date of the Franchise Agreement. While we will not unreasonably withhold our approval of a site, if we cannot agree with you on a site, you may forfeit your initial franchise fee. The Franchise Agreement does not have any provision that addresses termination if you do not select a site within a prescribed period. We may terminate the Franchise Agreement if you have not commenced operation of the Space from an approved site within 365 days from the date of the Franchise Agreement unless the period is extended by us.

You may locate your own site rather than utilizing our assistance. However, you and VTX must mutually agree on your location prior to opening. Our approval is not a warranty or a guarantee of your success at your selected location, and you retain final approval of the site selected and leased by you.

We consider some of the following factors when assessing the acceptability of a Space location:

- Population volume
- Business and commercial enterprises readily available
- Commercial income
- Competitive analysis

- Accessibility by car
- Accessibility by walk in traffic
- Financial institutions in the area
- Accessibility to Post Office, Banks and other businesses
- Parking
- Sign exposure
- Square footage
- Rent
- Visibility
- Traffic
- Proximity to other Venture X businesses
- Condition of the premises
- Cost of construction
- Length of construction time
- Landlord contributions
- Surrounding tenants and landlord
- Other factors

We obtain our demographic information from some of the following sources:

- The U.S. Post Office
- Your local, state and national and international Chambers of Commerce
- Your local Better Business Bureau
- Newspaper
- Building and Development Departments
- Physical Inspections and Business Counts
- Demographic surveys using computer programs
- Local business (traffic counts from next door neighbors.)

A Venture X franchisee is required to select their Space location prior to attending our franchise training school. The typical franchisee goes straight from training to their Space. The total time from the signing of the Franchise Agreement to the opening of a new Space is typically 12 months. Factors that may affect this time period include the ability to procure and install equipment and computers, make acceptable financial arrangements, obtain any required approvals in zoning and/or building permits, as well as resolve other factors bearing on construction.

### **TRAINING PROGRAM**

Prior to opening your Space, you must attend and complete to our satisfaction the extensive training program held at our corporate headquarters in West Palm Beach, Florida. The training program must be completed at least 60 days prior to the opening of your Business. If you purchased a new location, your training fees are covered in your initial franchise fee. If you purchased a resale, then your training fee was either paid by the seller out of the proceeds of the sale or by you. We will pay for your transportation to and from West Palm Beach and your hotel and one daily meal for the duration of the one-week training period. An additional trainee may attend the training program with you for a fee of \$225 or the then current fee per person and you will be responsible for their travel, lodging and meals expense.

Our training program will be offered 12 times during 2018. Although it is not required, you may attend a refresher-training program or send your representative to be trained at any time in the future. All you have to do is pay your travel, lodging, meals and a training fee if charged at that

time. For a complete list of your rights and obligations under your Franchise Agreement in regard to training, please consult the Franchise Agreement Sections 7 and 8.

The instructional materials used in our training program include an instructional manual and PowerPoint presentations.

Rocky Hemp is our training instructor. He has over 20 years of experience in new business development. He has developed and facilitated training programs for Fortune 500 corporations while providing strategic leadership with national retail launches.

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## TRAINING PROGRAM

SUBJECT	CLASSROOM HOURS	ON THE JOB HOURS	LOCATION
Introduction/ Orientation	2	0	West Palm Beach
Industry Breakdown	1	0	West Palm Beach
Software	10	0	West Palm Beach
Goals Setting	1	0	West Palm Beach
Events	1	0	West Palm Beach
Memberships	2	0	West Palm Beach
Brand Standards	1	0	West Palm Beach
Financial Management	1.5	0	West Palm Beach
Operations	2	0	West Palm Beach
Sales & Marketing	5	0	West Palm Beach
Staffing	1	0	West Palm Beach
Role Play & Discussion	5	0	West Palm Beach
<b>Totals</b>	<b>32.5</b>	<b>0</b>	

All of the training hours listed above are provided in our training facility in West Palm Beach, Florida. Our field representatives provide additional training during the initial setup of your location. (See the Franchise Agreement Section 4.F).

## OPERATING MANUAL

A copy of the table of contents of our Manual is attached to this disclosure document as Exhibit E. The Manual contains 92 pages.

## ITEM 12

### TERRITORY

You are granted the right to operate a Business from your approved location.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The continuation of your franchise is not specifically dependent upon the penetration of the potential market or any sales performance target.

We and our affiliates do not currently, and have no plans to, operate a business under a different trademark that sells or will sell goods or services similar to those which your Space will offer. You may relocate your Space under the following conditions:

1. Prior to relocation, you submit your request in writing to us.
2. You must not be in default of the terms of your Franchise Agreement.
3. We will evaluate your request with respect to the proximity of your proposed location to other businesses offering similar services, (both Venture X Spaces and competitors) as well as demographic information.

You have no options, right of first refusal or similar rights to acquire an additional franchise within any particular territory, although you may ask us at any time to purchase additional franchises. You will be granted an additional franchise based on the following:

1. Whether or not you are currently in default or have been in default of any part of your Franchise Agreement.
2. Your financial history and the financial stability of your existing location; and your experience managing your existing location.

### **ITEM 13**

#### **TRADEMARKS**

The Franchise Agreement licenses you to use our proprietary trademarks, service marks, trade names, trade dress and commercial symbols (collectively, the “Marks”). You may not use any of the Marks as part of your corporate or business entity name. We are the owner of the Mark listed below for which we have a federal registration. All required affidavits for registration have been filed. We also claim common law trademark rights for all the Marks you will use in the operation of your Business.

<b>Trademark, Service Mark or Design</b>	<b>U.S. Registration No.</b>	<b>Principal/ Supplemental Register</b>	<b>Date of Registration</b>	<b>Comment</b>
Venture X	4546564	Principal	June 10, 2014	

We will notify you in writing (through the Manual or otherwise) which Marks you are licensed to use. Your use of the Marks and any related goodwill is to our exclusive benefit and you retain no rights in the Marks. You retain no rights in the Marks upon termination of the Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing.

There are no currently effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the principal Marks. There are no superior prior rights in the Marks or infringing uses actually

known to us that could materially affect your use of the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

We are not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense and/or indemnify you. We reserve the right to control any trademark litigation and will be the sole judge as to whether suit will be brought or settled in any instance when any person or entity infringes the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks that you become aware of and to cooperate with any action that we undertake. If any party claims that its rights to use any of the Marks are superior and if we determine that the claim is valid, you must, at your expense, immediately make the changes and use the substitutions to the Marks as we require.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace supplies, materials, signs, fixtures and equipment (as applicable) and make other modifications we designate as necessary to adapt your Business for the new or modified Marks. These changes may require additional investment to conform your Business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

#### **ITEM 14**

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

We do not grant you the right to use any item covered by a patent and we have no patent applications pending which are material to the franchise. We do communicate to you, and permit you to use trade secrets and confidential information that are included in our Manual, our method of pricing and our vendor list. See Item 11. Although we have not filed an application for copyright registration for these materials, they are proprietary and we do claim a copyright to them and other similar materials you will use in your Business. You can only use this information in conjunction with your Business. We do not permit any other use. You must comply with all changes to the Manual. You must notify us immediately if you learn about any unauthorized use of our confidential information. We will determine the appropriate response as to any unauthorized use of the confidential information.

#### **ITEM 15**

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

You are not required to sign a personal guarantee, however, you are required to personally sign the Franchise Agreement, even if you form a corporation, partnership or other business entity for the operation of the franchise. If you form a corporation or other business entity, you will sign the Franchise Agreement both personally and on behalf of the business entity as an officer or director of the company. If you form a partnership, you and your partners will sign the Franchise Agreement personally.

If you are an individual, you must directly supervise and manage your Space. If you form a corporation, partnership or other business entity, a principal, general partner or your fully trained manager must devote full-time and best efforts to the management and operation of the Space. Your Space must at all times be under the supervision of someone who has completed our training program or has been trained by you. You must also maintain a competent, conscientious, neat and trained staff where applicable.

We do not have the right to approve or disapprove of your choice for manager, although the manager must satisfactorily complete our training program. Your manager is not required to have an equity interest in your Business. Your manager must sign a confidentiality agreement maintaining confidentiality of our trade secrets and other proprietary information described in Item 14 and abide by the non-compete covenants described in Item 17, which are valid for two years after the termination of their employment. You may send any employees at any time for training under the terms of your Franchise Agreement and as outlined in Item 11 of this disclosure document.

## **ITEM 16**

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

We require you to offer and sell only services that we have approved but there is no obligation to provide all of the services authorized by VTX. There are no limits on our right to make modifications to the approved services from time to time as set forth in the Manual or otherwise in writing.

Our Franchise Agreement does not require you to fix a specified or minimum price for Space memberships or any services sold at your Space. You will retain sole and absolute discretion in all membership and service pricing matters.

You are not limited in the customers to whom you may sell memberships and services. We encourage you to respect the clientele of other Venture X franchisees.

## **ITEM 17**

### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

## THE FRANCHISE RELATIONSHIP

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a.	Length of franchise term	Section 2.A	35 Years
b.	Renewal or extension of the term	Section 2.B	35 Years
c.	Requirements for franchisee to renew or extend	Sections 2.C, 2.D and 2.E	Pay \$1,500 renewal fee, remodel, sign releases, and you may be asked to sign a new franchise agreement with materially different terms and conditions than your original agreement.
d.	Termination by franchisee	None	Not applicable
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	Section 16	VTX can terminate only if you default.
g.	“Cause” defined – curable defaults	Section 16	You have 15 days to cure our requirements and specifications regarding products and services, non-payment of amounts due and owing, non-submission of reports, and 30 days for any other default not listed in Section 16 of the Franchise Agreement.
h.	“Cause” defined – non-curable defaults	Section 16	Non-curable defaults: failure to commence business within 365 days from date of Franchise Agreement, failure to keep open, falsification of franchise application, insolvency and bankruptcy, commencement of dissolution proceedings, unsatisfied or unbonded judgment, falsification of books, records or reports, 2 or more prior defaults in 12 consecutive months, unauthorized assignment, and communication of proprietary information to competitor.

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination/non-renewal	Section 17	Obligations include providing VTX with a list of customers, invoices, address card file and business cards, payment of all amounts due, returning Manual and other proprietary materials, discontinuing use of copyrighted materials and all items identifying our marks or name, assigning contracts with customers, changing or assigning telephone numbers and compliance with non-compete agreements.
j.	Assignment of contract by franchisor	Section 15.I	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 15.G	Includes transfer of beneficial interest in Franchise Agreement.
l.	Franchisor approval of transfer by franchisee	Section 15.A	We retain the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 15.C	Qualified purchaser, training completed, execution of new franchise agreement, payment of transfer fee, not in default, and payment of all costs and obligations.
n.	Franchisor's Right of First Refusal to Acquire franchisee's business	Sections 15.E and 15.F	We can match any offer.
o.	Franchisor's option to purchase franchisee's business	Section 17.G	Upon expiration or termination, we can buy certain assets at a price equal to your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Section 15.H	The Franchise Agreement is transferable without additional fee or penalty, subject to VTX's approval, which shall not be unreasonably withheld.
q.	Non-competition covenants during the term of the franchise	Section 6.W	No involvement in any other competing business, except with prior written consent of VTX.

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
r.	Non-competition covenants after the franchise is terminated or expires	Section 17.F	No competing business for 2 years within 25 miles of former location or within 25 miles of any other VTX franchisee.
s.	Modification of the agreement	Section 18	No modifications generally but Manual subject to change.
t.	Integration/merger clause	Sections 18 and 26.I	Only terms of the Franchise Agreement and other related agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. No claim made in any Franchise Agreement is intended to disclaim the representations made in this franchise disclosure document.
u.	Dispute resolution by arbitration or mediation	Section 25.A	Either party may request non-binding mediation at any time prior a suit, legal action or legal proceeding.
v.	Choice of forum	Section 25.A and 26.D	Your home state for non-binding mediation; state and county of the Company's principal place of business, currently, Palm Beach County, Florida for litigation (subject to applicable state law).
w.	Choice of law	Section 26.E	Florida law applies (subject to applicable state law).

### **ITEM 18**

#### **PUBLIC FIGURES**

We 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 financial performance of its franchises and/or franchisor-owned units, 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 of under particular circumstances.

The financial performance representation information in this Item 19 includes certain historical financial performance information of our affiliate's Venture X Business in Naples, Florida.

Operating Results of Venture X Business located in Naples, Florida

David Diamond and Brett Diamond, the owners of our affiliate, VENTUREX, opened a Venture X business location in Naples, Florida in October 2012. No franchise Spaces were operational for a full year as of December 31, 2017; therefore, results of franchised Spaces are excluded from this Item 19.

The Naples Venture X business has approximately 7,000 square feet with 13 private offices. The Spaces operated by a typical Venture X franchisee will have approximately 10,000 square feet with 25 private offices. The Naples Venture X business has equipment and fixtures similar to that which will be found in a typical Space operated by a franchisee. In addition, most of the fixed costs of the Naples Space, beside rent or mortgage costs, are substantially similar to those in a typical Space operated by a franchisee, and should not increase significantly as a result of the increase in square footage and the number of private offices.

The operating results of the Naples Venture X business for the 12 month period ended December 31, 2017 are set forth below.

Income

After Hours	568.15
Conference Rooms	22,832.94
Copier	4,361.85
Day Passes	4,155.00
Desk 24/7	35,925.54
Desk Mbr	139,730.12
Events	550.00
Filing Cabinet	694.33
Franchise Training/Support	9,700.00
Lockers	43.55
Mailboxes	2,554.10
Other items	4,098.11
Permanent Desk	35,254.16
Private offices	224,745.64
Storage	600.00
Virtual Office	<u>80,440.99</u>
Total Income	\$ 566,254.48

Expenses

Bank Service Charges	1,475.08
Business Licenses and Permits	248.25
Computer and Internet Expenses	0.00
Continuing Education	30.00

Contract Labor	1,883.80
Credit Card Processing Fees	11,886.18
Dues and Subscriptions	0.00
Employee Gifts	350.00
Equipment Rental	3,972.48
Insurance	9,398.39
Interest	10.40
Marketing and Business Development	10,335.67
Meals and Entertainment	4,565.72
Office Cleaning	15,111.76
Office Supplies	17,231.55
Paychex Administrative Fee	2,402.68
Payroll Expenses	53,360.36
Postage and Delivery	1,420.38
Printing	1,672.36
Professional Fees	7,075.00
Rent	257,675.53
Repairs and Maintenance	10,863.32
Security	647.00
Shredding	195.80
Software	2,753.42
Taxes – Property	1,446.37
Telephone	519.52
Uniforms	1,410.17
Utilities	9,971.79
Website	27.00
Web Design and Maintenance	3,756.72
WI FI/ Phones	<u>6,727.29</u>
Total Expenses	\$ 438,423.99
Net Ordinary Income	\$ 127,830.49
Other Income/Expense	
Other Income	
Sales Tax Collection	360.00
Earnings Before Interest, Taxes, Depreciation and Amortization	\$ 128,190.49
<u>Projected Franchisee Expenses*</u>	
Royalties	\$ 33,975.00
Marketing Fees	<u>5,663.00</u>
Total Franchisee Expenses	\$ 39,638.00
Earnings Before Interest, Taxes, Depreciation and Amortization	\$ <u>88,552.49</u>

The income and expenses for your Business for its opening months are likely to differ from the amounts shown above. The affiliate's income and expenses disclosed above are the affiliate's actual income and expenses during the year ended December 31, 2017. \*Franchisees will have other expenses in addition to the affiliate's expenses because the affiliate's Venture X business is not a franchise outlet, including royalties and Marketing Fund Contributions. The franchisee

expenses shown above are estimated projected expenses that a franchisee will incur in addition to the affiliate’s expenses and are derived using the affiliate’s 2017 income. The affiliate’s revenue and expenses as well as the projected franchisee expenses are based on a 7,000-square foot facility. A franchisee will operate a facility that is approximately 10,000 square feet, and is expected to derive additional revenue and incur additional rental costs. One affiliate-owned outlet earned these amounts. Your individual results may differ. There is no assurance that your results will be the same.

Your actual results will vary depending upon a number of factors, including the location of the Business, local market conditions, your management skills and experience and the type of services you offer from your Space. Written substantiation of this financial representation will be made available to you upon reasonable request.

Except for the information provided above, 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 Jill Klein, General Counsel, 2121 Vista Parkway, West Palm Beach, FL 33411, 561-640-5570, the Federal Trade Commission and the appropriate state agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**

**System-Wide Outlet Summary  
For Years 2015 to 2017\***

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	<b>2015</b>	0	0	0
	<b>2016</b>	0	0	0
	<b>2017</b>	0	1	+1
<b>Company-Owned</b>	<b>2015</b>	1	1	0
	<b>2016</b>	1	1	0
	<b>2017</b>	1	1	0
<b>Total Outlets</b>	<b>2015</b>	1	1	0
	<b>2016</b>	1	1	0
	<b>2017</b>	1	2	+1

\* All numbers are as of December 31, 2015, 2016 and 2017. The “Company-Owned” numbers are for one affiliate-owned location in the United States, owned and operated by our affiliate, VENTUREX, in Naples, Florida.

**Table 2**

**Transfers of Outlets From Franchisees to New Owners (Other Than the Franchisor)  
For Years 2015 to 2017\***

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Total</b>	<b>2015</b>	0
	<b>2016</b>	0
	<b>2017</b>	0

\* All numbers are as of December 31, 2015, 2016 and 2017. States not listed had no activity to report during the relevant time period.

**Table 3**

**Status of Franchised Outlets  
For Years 2015 to 2017\***

<b>Col.1 State</b>	<b>Col.2 Year</b>	<b>Col.3 Outlets at Start of Year</b>	<b>Col.4 Outlets Opened</b>	<b>Col.5 Terminations</b>	<b>Col.6 Non- Renewals</b>	<b>Col.7 Re-acquired by Franchisor</b>	<b>Col.8 Ceased Operations- Other Reasons</b>	<b>Col.9 Outlets at End of the Year</b>
<b>Texas</b>	<b>2015</b>	0	0	0	0	0	0	0
	<b>2016</b>	0	0	0	0	0	0	0
	<b>2017</b>	0	1	0	0	0	0	1
<b>TOTAL</b>	<b>2015</b>	0	0	0	0	0	0	0
	<b>2016</b>	0	0	0	0	0	0	0
	<b>2017</b>	0	0	0	0	0	0	0

\* All numbers are as of December 31, 2015, 2016 and 2017. States not listed had no activity to report during the relevant time period. An additional franchise outlet was opened in Mississauga, Canada during 2017.

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**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2015 to 2017\***

<b>Col.1</b>	<b>Col.2</b>	<b>Col.3</b>	<b>Col.4</b>	<b>Col.5</b>	<b>Col.6</b>	<b>Col.7</b>	<b>Col.8</b>
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisees</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisees</b>	<b>Outlets at End of the Year</b>
<b>Florida</b>	<b>2015</b>	1	0	0	0	0	1
	<b>2016</b>	1	0	0	0	0	1
	<b>2017</b>	1	0	0	0	0	1
<b>Total</b>	<b>2015</b>	1	0	0	0	0	1
	<b>2016</b>	1	0	0	0	0	1
	<b>2017</b>	1	0	0	0	0	1

\* All numbers are as of December 31, 2015, 2016 and 2017. The numbers are for an affiliate-owned location in Naples, Florida. States not listed had no activity to report during the relevant time period.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

**Table No. 5  
Projected Openings as of December 31, 2017**

<b>State</b>	<b>Franchise Agreement signed but outlet not opened</b>	<b>Projected New Franchised Outlets In The Next Fiscal Year</b>	<b>Projected New Company Owned Outlets In Next Fiscal Year</b>
Alabama	-0-	0-1	-0-
Alaska	-0-	0-1	-0-
Arizona	-0-	0-1	-0-
Arkansas	-0-	0-1	-0-
California	-0-	0-1	-0-
Colorado	2	0-1	-0-
Connecticut	-0-	0-1	-0-
Delaware	-0-	0-1	-0-
DC	-0-	0-1	-0-
Florida	1	1-3	-0-
Georgia	-0-	0-1	-0-
Hawaii	-0-	0-1	-0-
Idaho	-0-	0-1	-0-
Illinois	-0-	0-1	-0-
Indiana	1	0-1	-0-
Iowa	-0-	0-1	-0-
Kansas	-0-	0-1	-0-
Kentucky	-0-	0-1	-0-
Louisiana	-0-	0-1	-0-
Maryland	-0-	0-1	-0-
Massachusetts	1	0-1	-0-
Michigan	-0-	0-1	-0-
Minnesota	-0-	0-1	-0-
Mississippi	-0-	0-1	-0-
Missouri	-0-	0-1	-0-
Montana	-0-	0-1	-0-
Nebraska	-0-	0-1	-0-
Nevada	-0-	0-1	-0-
New Hampshire	-0-	0-1	-0-
New Jersey	1	0-1	-0-
New Mexico	-0-	0-1	-0-
New York.	-0-	0-1	-0-
N. Carolina	-0-	0-1	-0-
N. Dakota	-0-	0-1	-0-
Ohio	1	0-1	-0-
Oklahoma	-0-	0-1	-0-
Oregon	-0-	0-1	-0-
Pennsylvania	-0-	0-1	-0-
Rhode Island	-0-	0-1	-0-
S. Carolina	-0-	0-1	-0-

State	Franchise Agreement signed but outlet not opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlets In Next Fiscal Year
S. Dakota	-0-	0-1	-0-
Tennessee	-0-	0-1	-0-
Texas	-10	1-2	-0-
Utah	-0-	0-1	-0-
Vermont	-0-	0-1	-0-
Virginia	1	0-1	-0-
Washington	-0-	0-1	-0-
Wisconsin	1	0-1	-0-
Wyoming	-0-	0-1	-0-
Total	19	2-54	-0-

The names, addresses and telephone numbers of our franchisees are listed in Exhibit D. There are no franchisees who have had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ending December 31, 2017, or who have not communicated with us during the ten weeks preceding the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with VTX. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the three-year period ended December 31, 2017, no franchisees have signed such confidentiality clauses.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this disclosure document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Our audited financial statements prepared in accordance with generally accepted accounting principles for the periods ended December 31, 2015, December 31, 2016 and December 31, 2017 are attached to this disclosure document as Exhibit C. Our fiscal year end is December 31.

## **ITEM 22**

### **CONTRACTS**

The following contracts are included in this disclosure document:

1. Exhibit A - Franchise Agreement with Schedules and State Addenda
2. Exhibit B – Deposit Receipt
4. Exhibit G - General Release Agreement

## **ITEM 23**

### **RECEIPT**

COPIES OF AN ACKNOWLEDGMENT OF YOUR RECEIPT OF THIS DISCLOSURE DOCUMENT APPEAR AS EXHIBIT J. PLEASE SIGN AND DATE TWO COPIES AND RETURN ONE FULLY EXECUTED COPY TO US. YOU MAY RETAIN THE SECOND COPY FOR YOUR RECORDS.

**EXHIBIT A**

**FRANCHISE AGREEMENT**  
**with Schedules**

DATED \_\_\_\_\_ 201\_\_

# **Venture X Franchising, LLC**

And

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## **VENTURE X FRANCHISE AGREEMENT**

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## FRANCHISE AGREEMENT

### Between:

**Venture X Franchising, LLC**, a Florida limited liability company, doing business as Venture X, whose registered office is at 2121 Vista Parkway, West Palm Beach, Florida 33411, (hereinafter referred to as “VTX”) and \_\_\_\_\_ whose registered office is at \_\_\_\_\_ and whose home address is \_\_\_\_\_, Franchisee (hereinafter referred to as “You” or “Your”).

### INTRODUCTION

- A. VTX has expended time, effort, and money developing knowledge about the business of offering and selling office memberships to freelancers, start-ups, existing businesses and non-profits that entitle a member to access and use a workplace/meeting space (the “**Space**”) which includes telecommunications systems, meeting facilities, data transmission services, reception areas and business support (the “**Venture X Business**”), and has established a reputation and goodwill in parts of the world in the Venture X trademark.
- B. VTX is the owner of the Venture X trademark and related trademarks and trade names (the “**Trademarks**”) which have become associated with the Venture X Business and the Venture X system (the “**Venture X System**” or the “**System**”), and VTX has agreed to You using the Trademarks and the System upon the terms and conditions hereinafter appearing.
- C. The characteristics of the Venture X System include specialized knowledge about the specifications for the layout of the Space, equipment and operations, support services, techniques and strategies for marketing and advertising and standards of quality and uniformity of the Spaces and support services provided.
- D. The Trademarks are associated with uniformly high standards of service and quality of operations and service.
- E. VTX may from time to time grant franchises in the United States and its territories and protectorates permitting the operation of the Venture X Business under the Trademarks to offer and sell the Services at certain premises (the “**Venture X Network**”).
- F. You desire the benefits of VTX’s knowledge, skill, and experience and the right to operate the Venture X Business under the Trademarks from the premises hereinafter described (the “**Premises**”).

**NOW IT IS AGREED as follows:**

**One: RIGHTS GRANTED**

- A. Subject to and in accordance with the terms hereof, VTX grants to You the non-exclusive right to use in the Business (as defined below):
- i. the Venture X System; and
  - ii. the Trademarks and the symbols owned by VTX and designated for Your use from time to time together with VTX's accumulated experience and knowledge relating to the Venture X Business.
- B. In this Agreement the expression the "**Business**" shall mean the business carried on by You in exercise of the above rights and pursuant to this Agreement.
- C. The Business shall only be conducted by You from the Premises located at \_\_\_\_\_ . As long as You remain in compliance with the terms of this Agreement, VTX shall not open and operate for its own account (or through an affiliate) or franchise others to operate a Space at the Premises during the continuance of this Agreement. You acknowledge that You are not obtaining any exclusive or protective territory.
- D. The rights and privileges granted to You under this Agreement are personal in nature and may not be used at any location other than the Premises. You will not relocate the Space without VTX's prior written consent. You will not have the right to subfranchise or sublicense any of its rights under this Agreement. You will not use the Premises for any purposes other than the operation of a Space.
- E. In this Agreement the word "**Goodwill**" includes:
- i. the goodwill and all rights associated with VTX's copyrighted materials, the Venture X System, the Trademarks and any other intellectual property rights of VTX; and
  - ii. any additional goodwill generated from their use in the Business.
- F. The Goodwill shall, at all times, belong to and be vested in VTX and You only have the right to benefit from the Goodwill to the extent provided by this Agreement.

**Two: TERM**

- A. **Initial Term.** This Agreement shall be for a term of 35 years from the date of this Agreement (the "**Term**"), unless sooner terminated as hereinafter provided.
- B. **Additional Term.** You shall have the right to require VTX to enter into a new agreement (the "**New Agreement**") to take effect immediately following the end of the initial Term subject to the conditions and terms that follow.
- C. Subject to the following conditions precedent, You shall exercise Your right by giving written notice to VTX so that it is received 9 months before the Term ends. The conditions precedent are:
- i. that You shall not have any outstanding breach of the terms of this Agreement at the time of Your notice and at the time the New Agreement becomes effective, and

- ii. that You shall renovate, modernize, and refurbish the Premises, as commercially practicable (including equipment) and bring the Premises up to the then current standards of design and decor of the Venture X Network, and to comply with any relevant statutory or other requirements or regulations.
- D. The terms of the New Agreement shall be that You and VTX shall enter into the New Agreement for a period at least equal to the Term and upon the terms contained in VTX's then current form of franchise agreement provided however:
- i. You shall not pay any sum expressed to be by way of initial fee but shall pay a renewal fee in the sum of \$1,500.00 to cover the costs of closing and processing paperwork upon renewal; and
  - ii. VTX shall not be obliged to provide any of the initial or other obligations contained in such agreement that are appropriate to the establishment of a new franchise.
- E. You shall, upon the execution of the New Agreement, be deemed to have released and discharged VTX from and against all claims and demands not at issue in mediation and/or litigation proceedings at the time of renewal, whether or not contingent, which You may have against VTX arising from this Agreement or in any way out of the relationship between VTX and You.

**Three: THE PREMISES**

- A. The Premises at which the Space is to be located will be mutually agreed upon by the parties. You shall acquire the Premises by lease (the “Lease”). You shall not enter into any Lease without obtaining VTX’s prior written consent, which consent shall not be unreasonably withheld.
- B. You acknowledge and agree that any site selected or approved by VTX, and/or any Lease approved by VTX, shall be with the understanding that it meets VTX’s minimum acceptable criteria. Such criteria are not a guaranty or representation that the site will be successful or that the terms of the Lease are reasonable. You acknowledge that You are responsible for reviewing and determining the appropriateness and desirability of the site and the Lease. VTX shall have no liability with respect to the selection or approval of a location or any lease for the Premises, nor liability with respect to any recommendation regarding such matters.
- C. You shall not sublet or share the Premises, except to members, without VTX’s prior written consent.
- D. You must deliver to VTX a fully executed copy of the Lease to the Premises prior to the opening of Your Space.
- E. You shall not extend, renew, or cancel the Lease without VTX’s express written consent thereof which consent shall not be unreasonably withheld.
- F. Should it become necessary, on account of condemnation or other cause, including cancellation of Your Lease, to relocate the Space, VTX shall grant You authority to do so at a site acceptable to VTX that is reasonably suited for a Space, does not infringe on the rights of any other franchisee of VTX, and is reasonably distant from other Spaces; provided that Your new Space is open and operating within 90 days after You discontinue operation of the Space at Your previous location, all in accordance with the current standards of VTX at that time.

#### **Four: VTX'S INITIAL OBLIGATIONS**

To assist You in opening for business, VTX will (in addition to the one week training period to be provided at VTX's headquarters or other Venture X locations pursuant to the provisions that follow in Section Seven below) provide for or make available to You the following services and/or goods:

- A. advice in regard to establishing the Space including assistance with establishing a marketing program;
- B. perform demographic research for the selection of the Premises;
- C. through VTX's affiliate, Franchise Real Estate, Inc. ("**Franchise Real Estate**"), assistance in locating a site for the Premises and in negotiating for the lease of the Premises;
- D. consultation and advice with regard to alterations, refurbishment, renovation, decoration or other work necessary for the conversion of the Premises into a Venture X Business including layout designs; provided, however, that such consultation and advice will be provided by VTX's affiliate, Franchise Real Estate, on such terms the affiliate currently offers;
- E. sell to You the equipment and other items (the "**Equipment and Supplies Package**") listed in Schedule "A" to this Agreement;
- F. provide for a period of 40 hours, a suitably qualified member(s) of its staff to assist in initial on-site training and guidance on commencement of the Business. VTX shall pay the travel and other costs of its staff member for the purpose of an initial on-site training;
- G. advice with regard to the way in which fixtures and equipment are to be installed in the Premises with a view to the efficient operation of the Business;
- H. provide You with a bookkeeping system which You are required to use;
- I. provide You, on loan, with an Operations Manual, which includes statements of policies and procedures, together with instruction and advice in the operation of a Space;
- J. provide You with other relevant manuals and written material which, in its discretion, VTX deems necessary; and
- K. provide You with a starter supply of printed material consisting of letterhead, envelopes, flyers and business cards.

VTX may delegate the performance of any or all of its obligations hereunder to such third parties, including its affiliated companies, as it deems advisable.

#### **Five: VTX'S CONTINUING OBLIGATIONS**

VTX shall at all times during the Term of this Agreement:

- A. provide You with details of any alterations and/or improvements in or to the Venture X System to enable You to keep the Operations Manual up to date. In the event of any dispute, the authentic text of the Operations Manual shall be the copy kept as such by VTX at its principal corporate office. The Operations Manual shall at all times remain the property of VTX. You acknowledge

that the copyright in the Operations Manual is vested in VTX;

- B. make at least one visit each year to Your Business at VTX's own expense by a member(s) of VTX's staff as VTX considers suitably experienced for the purpose of assisting You and monitoring Your compliance with quality standards;
- C. provide You with information relating to conventions, seminars and franchisee meetings organized by VTX for its franchisees and permit You at Your own expense, to attend;
- D. provide You from time to time with copies of VTX's corporate newsletter;
- E. offer to You from time to time, free of charge, bulletins on sales and service methods, marketing development and techniques, and business and operating procedures;
- F. use reasonable efforts to offer advice and technical assistance for equipment, computer hardware and software, by toll-free telephone and email; and
- G. provide access to a website from which You may download additional programs and data.

**Six: FRANCHISEE'S OBLIGATIONS**

In order to maintain the common identity and reputation of the Venture X Network, to maintain the uniformly high standards among franchisees carrying on business under the Trademarks in accordance with the System, and to protect VTX, You, the Venture X Network, the Goodwill of the Venture X Business under the Trademarks, You shall:

- A. purchase the Equipment and Supplies Package from VTX prior to opening the Business and use them exclusively for the purpose of operating the Space;
- B. acquire any other miscellaneous equipment, books of account, inventory, and any other items which are necessary for the performance by You of Your obligations under this Agreement;
- C. have one person, comprised of either Yourself or Your Manager, at Your sole cost and expense (excluding VTX approved transportation, lodging, a daily meal, training material and trainers), undertake and complete to VTX's satisfaction such training, at such times, and at VTX's training facilities, as VTX may reasonably require;
- D. devote an adequate amount of Your time and attention to the Business as is necessary to perform the administrative, marketing, promotional and accounting functions required in operating the System. You shall diligently carry on the Business at the Premises and use Your best efforts to promote the Business. You shall continuously operate the Business during normal business hours for a minimum of 40 hours per week. At any time during the Term of this Agreement, should You intend to delegate these performance obligations or duties to a designated operator, You must first notify VTX of Your intent and such operator must be added to this Agreement as an additional Franchisee before he or she assumes such obligations and/or duties;
- E. operate the System and Your Business properly and in strict accord with the required provisions of the Operations Manual, provided that such provisions do not conflict with applicable laws or regulations. In case of a conflict, You shall request a variance and VTX shall grant You an automatic variance for purposes of compliance with applicable laws or regulations. You shall not make use of or disclose the Operations Manual to any other person or for any purpose other than for the conduct of the Business, nor shall You make any copies of the Operations Manual or any

part thereof. You shall further ensure that Your copy of the Operations Manual is kept up to date at all times. You acknowledge the Operations Manual to be the exclusive property of VTX. You agree to use Your best efforts to promptly comply (but no later than 30 days from delivery) with all revisions to the Operations Manual that may be made from time to time;

- F. You may at Your option operate the Business through a limited liability company, corporation or other legal business entity (a “business entity”), provided that: (i) the Franchise Agreement shall remain in Your name, and the full legal name of the business entity shall be added to the Franchise Agreement as an additional Franchisee; (ii) the business entity is newly organized and its activities are confined exclusively to operating the Venture X Business licensed under this Agreement; (iii) You are the owner of all the stock or membership units of the business entity and are the principal executive officer thereof; (iv) You furnish VTX with the name, address, telephone number and percentage of ownership of each officer, director, shareholder and member of the business entity; and (v) no part of the Trademarks shall form part of Your legal business entity name;
- G. operate the Business only under the name or names specified by VTX without any accompanying words or symbols of any nature (save as required by the provisions of this Agreement) unless first approved in writing by VTX. You shall not do anything that may adversely affect VTX’s rights in the Trademarks;
- H. acquire such licenses and permits as maybe required by federal, state or local governments and agencies to operate the Business; comply with all laws, ordinances, regulations and requirements of local, state and federal governmental authorities and pay any and all city, county, state and/or federal sales and/or use taxes, excise taxes, occupation taxes, license fees and other taxes, assessments and levies arising out of or in connection with all or any part of this Agreement;
- I. indicate Your status as an independently owned and operated franchise by:
  - i. displaying at a conspicuous location within the location that VTX may direct signs bearing the following words (or other words to similar effect as may from time to time be specified by VTX) “Independently Owned and Operated by” followed by Your name and “under license from Venture X Franchising, LLC”; and
  - ii. placing upon all letterhead, bills, invoices, and any other documents or literature used by You, and within the body or signature field of all email communications sent in connection with the Business the following words (or other words to similar effect as may from time to time be specified by VTX) “Independently Owned and Operated by” followed by Your name;
- J. promote the Business and the System using the Trademarks by prominently displaying the Trademarks on in your Space advertising materials and signs in the nature, form, color, number, location and size and containing the material as VTX may direct in writing, and you shall not display therein or thereon any sign or advertisement to which VTX objects or has not pre-approved in writing;
- K. place on all of Your promotional materials, business cards, web site and any other media used to promote the Business the national toll-free telephone designated by VTX from time to time. No other telephone number may be used on any advertising media without the written consent of VTX;
- L. answer the telephone at the Space initially reciting the full name “Venture X.” You shall not answer the telephone under any other name without the prior written consent of VTX;

- M. place any referral information required by VTX for referral of prospective franchisees in a prominent place on Your front counter or any other location VTX dictates;
- N. continuously (during regular business hours and days) operate the Space unless prohibited from so doing by an act of God, a religious holiday, or conditions beyond Your control. You further agree to exercise Your best efforts, skills, and diligence in the conduct of the Business. In this connection, You agree to supervise Your employees to ensure compliance with the Venture X System.
- O. at all times maintain the Premises in a good state of repair and decoration, and in a clean, orderly and sanitary condition. You shall not permit animals of any type in the Premises except as required by law. If at any time VTX is of the opinion that You are not complying with Your requirements, VTX may, without prejudice to any of the other remedies available to it, including termination of this Agreement, give You written notice of the steps required by VTX in order to ensure compliance. You shall comply at Your own expense with these requirements;
- P. shall not provide any service to members of the Space which does not conform to the standards associated with the Trademarks or of which VTX does not approve thereof which consent shall not be unreasonably withheld. You shall comply with all instructions given to You by VTX with regard to the standards or quality of the System. You shall comply with any requirements that VTX establishes from time to time for national accounts. In the event of a member complaint, You shall follow the procedures outlined in the Operations Manual and provide to VTX such information as VTX may require to enable VTX to monitor the performance of the Business and to offer guidance to You;
- Q. replace any equipment items as may become obsolete or inoperable with items that meet VTX's new requirements in respect to opening a new Venture X Business. If, by reason of any change to the Venture X System, additional or different equipment is required, then You shall acquire and install these items as commercially practicable, within a reasonable period of time as specified by VTX;
- R. use Your best efforts to maintain the highest standards in all matters connected with the Business and increase the revenues of the Business at the Premises;
- S. only employ as a Manager of the Business a person who has successfully completed VTX's training course;
- T. procure from any Manager and from such other staff, as VTX shall require, an agreement to be supplied by VTX not to use or disclose to any third party any information or knowledge concerning VTX's business, the Business, or the Venture X System and to comply with the non-compete requirements set forth in Sections 17.F.i. and 17.F.ii. of this Agreement for two years following termination of his or her employment with You;
- U. not do anything which may bring the Venture X System into disrepute or which may damage the interests of VTX or the Venture X Network;
- V. not own or manage any business other than the Venture X Business which is similar to or competitive with Your Venture X Business or any other Space, except with the prior written consent of VTX;
- W. maintain the Venture X System and other information relating to the conduct of the Business in strict confidence and secret and shall only use them for the purpose of conducting the Business

during the Term of this Agreement. You shall not use, disclose, publish or otherwise make this confidential information available to any third party during the Term or at any time after the Term of this Agreement, but this provision shall not apply to the Venture X System if it has become generally known or easily accessible other than through a breach of this Agreement or other default of Yours;

- X. not hire any employee of VTX (nor any person who was employed by VTX within 90 days prior to the date of hiring by You), except with the prior written consent of VTX;
- Y. indemnify and hold VTX harmless against all claims, demands, damages, cost or expenses which may be incurred or received by VTX resulting from any breach of this Agreement on Your part, the negligence of any party (other than VTX), or arising directly or indirectly out of the management or operation of the Business or the use or occupancy of the Premises, or in connection with Your sale, transfer or assignment of the Business and franchise license, which indemnification obligation survives the expiration or termination of this Agreement. It is the intention of the parties to this Agreement that VTX shall not be deemed a joint employer with You for any reason; however, if VTX incurs any cost, liability, loss or damage as a result of any actions or omissions of You or Your employees, including any that relate to any party making a finding of any joint employer status, You will fully indemnify VTX for any such cost, liability, loss and damage;
- Z. have Internet access and an e-mail address. You must use the Internet website, domain name and email address(es) provided by VTX from time to time and pay to VTX and/or its designated vendors the initial start-up fee, annual hosting and maintenance fees for the website, domain name and fees for the email address(es). You cannot use any other website or domain name to promote the Business without the written permission of VTX. You cannot use any email address and related mail server other than the one(s) provided by VTX to conduct Venture X related business activities, except for bulk email which must be sent through an approved email service (bulk mail is any email sent to more than 100 recipients). If VTX discovers You have obtained or are using another website, domain name, or email address for or in connection with Your Business without VTX's written permission, VTX shall notify You and upon notice, You shall immediately transfer and assign the same to VTX. VTX will, at its discretion, determine the content and use of Your Venture X website and will establish the rules under which franchisees may or will use their websites (including advertising VTX's website address at the Premises and in printed literature) or separately use the Internet or other on-line communications in the operation of the Business. Without the written permission of VTX, You cannot use Internet tools such as but not limited to search engine optimization for the purpose of promoting Your Business to customers in the geographic marketing area of another VTX franchisee. VTX will retain all rights relating to the website and may alter or terminate the website upon 30 days' notice to You. Your general conduct on the website or other on-line communications and specifically Your use of the Trademarks or any advertising on the website or other on-line communications (including the domain name and any other Trademarks VTX may develop as a result of participation in the website or other on-line communications) will be subject to the provisions of this Agreement. Any custom enhancements to Your Internet website shall be at Your expense and must be performed by a vendor approved by VTX. You acknowledge and agree that VTX may, in its sole discretion, modify, substitute, or reassign websites, webpages, domain names or email addresses which VTX designates for Your use in the Business during the Term of the Franchise Agreement. Your right to use Your website, webpage, domain name and/or email address(es) or otherwise use the Trademarks or System on the Internet or in other on-line communications will terminate when this Agreement expires or terminates. You further acknowledge and agree that the terms and conditions set forth in this Section 6.Z. apply with respect to websites, domain names and email addresses used by any employee of Yours in connection with the conduct of Venture X related business activities.

- AA. effect such items of modernization, refurbishing and/or replacement of equipment, computers and software, signage, fixtures, display areas, furnishings and improvements, as VTX deems reasonably necessary, (no more than once every three years, except with regard to computer systems and software for the purpose of conforming to VTX's specifications from time to time for the point of sale system or business management system) to permit Your Space to conform to the standards then prescribed by VTX for similarly situated new Spaces. You acknowledge and agree that the requirements of this Section 6.AA. are both reasonable and necessary to insure continued public acceptance and patronage of Spaces and to avoid deterioration or obsolescence in connection with the operation of Your Space. Each and every transfer of any interest in this Agreement or the business conducted hereunder governed by Section 15 also is expressly conditioned upon compliance with the foregoing requirement without regard to the number of years since the last modernization, refurbishing and/or replacement; and
- BB. Comply with VTX's policies with regard to the use of social media to promote Your Business and/or in connection with Your use of the Venture X System and Trademarks and Your participation in the Venture X Network.

**Seven: INITIAL TRAINING**

- A. VTX will train You or Your initial Manager in the operation of the Venture X System at its Training Center in West Palm Beach, Florida for one week.
- B. The franchise establishment fee paid by You pursuant to Section 10.A shall cover the charge for such training for one person (including one coach class round trip airfare, one daily meal and accommodations). VTX shall not compensate You for any service performed during this initial (or any) training period. If You bring additional persons to the initial training, You will pay a training fee of \$225 or the then current fee and be responsible for their travel, meals and their accommodations.
- C. VTX may at any time during training, by notice in writing, inform You that any person submitted for training is not suitable due to blatant criminal activities, disreputable behavior, poor attendance and/or disturbing fellow trainees. In this event, VTX's obligations in respect to the first trainee shall be regarded as discharged and any further training for any replacement for the first trainee shall be provided at Your expense.
- D. VTX shall have the right to require You to attend further training courses at any time during the Term of this Agreement if:
  - i. VTX considers attendance at such courses to be advisable;
  - ii. VTX wishes to train You in new and improved techniques that have been devised and which You will be required to put into effect in operating the System; or
  - iii. a regularly scheduled training program is scheduled or in session.

There will be no training fee or charge for these additional training classes; however, all costs of attendance shall be at Your sole expense.

**Eight: CONTINUING TRAINING**

- A. VTX will train any subsequent Manager, replacement staff, or any trainee of Yours at any place

VTX may require, and at Your expense. There will be a training fee of \$225 or the then current fee and You will be responsible for their travel, accommodation and meal expenses

- B. You shall establish and maintain a training program for Your staff in accordance with the requirements contained in the Operations Manual.
- C. VTX shall make available training for new equipment (whether provided by VTX or its vendors or others) at Your expense.
- D. VTX's initial and continuing training are provided so that You, Your Manager and staff receive the benefit of VTX's accumulated experience and knowledge relating to the Venture X Business and to ensure a uniform image and uniform quality of services in all Spaces. You acknowledge that You are solely responsible for training Your staff and Manager. VTX is not an employer, co-employer or joint employer with You of Your employees. You are solely for all employment matters, decisions and relationships.

#### **Nine: IMPROVEMENTS**

VTX shall endeavor to create and develop new and improved methods of conducting a business in accordance with the Venture X System.

- A. VTX agrees to make these improvements, additions, modifications or innovations available to You at the earliest possible opportunity. You in turn will notify VTX of any improvements, additions, modifications or innovations in Your method of operation that You believe would assist in the development of the System.
- B. In order that You, VTX, and its other franchisees may all benefit from the free interchange of ideas, You shall permit VTX to introduce into the Venture X System and/or the Operations Manual any improvements, additions, modifications, or innovations which may have been notified by You to VTX without any payment being made to You.

#### **Ten: FEES**

In consideration of the grant of the franchise herein, You shall pay to VTX the following:

- A. **Franchise Establishment Fee.** Upon the execution hereof, You shall pay VTX a franchise establishment fee of SEVENTY-NINE THOUSAND FIVE HUNDRED DOLLARS (\$79,500.00), receipt of which VTX hereby acknowledges. The franchise establishment fee shall be deemed fully earned and non-refundable upon the execution of this Agreement. A deposit of NINETEEN THOUSAND FIVE HUNDRED DOLLARS (\$19,500.00), if submitted prior to this Agreement, shall be credited against the franchise establishment fee with the balance due and owing upon signing this Agreement.
- B. **Royalty Fees.** During the Term of this Agreement, You shall pay to VTX a monthly Royalty Fee of 6% on Your Gross Revenues or a proportionate part, for any period of less than a month.
- C. **Marketing Fund Contribution and Cooperative Contributions.** During the Term of this Agreement, You will pay to the Venture X Marketing Fund (the "**Marketing Fund**") or its successors and assigns a monthly Marketing Fund Contribution equal to the greater of 1% of Your Gross Revenues or Five Hundred Dollars (\$500.00) for the month or a proportionate part for any period of less than a month. If You participate in a Marketing Cooperative, then You must

contribute to the Marketing Cooperative a percentage of Your Gross Revenue (or other amount) as determined by the Marketing Cooperative.

- D. **Technology Fees.** During the Term of this Agreement, commencing with the second month Your Space is open for business, You will pay to VTX a monthly technology fee for hosting and maintenance of Your website, domain and email account(s) or address(es) of Fifty Dollars (\$50.00) or the then current fee (the “**Technology Fee**”).
- E. **Software Fees.** During the Term of this Agreement, commencing when you start to sell memberships for Your Space, You will pay to VTX, or a third party software provider designated by VTX, a monthly fee which ranges from Three Hundred Dollars (\$300.00) to Four Hundred Fifty Dollars (\$450.00) depending on the square footage of Your Space and the number of members that You have, or the then current fee for the use of the Venture X OS which is the operating system You will use in conducting the daily activities and functions at the Space. Further, during the Term of this Agreement, commencing when you start marketing Your Space, You will pay to VTX, or a third party software provider designated by VTX, a monthly fee of One Hundred Dollars (\$100.00) or the then current fee for the use of contact management software which is a software product You will use in marketing and advertising for Your Space.
- F. For the purposes of this Agreement, “**Gross Revenue**” means the entire amount of all of Your revenues arising out of the ownership or operation of the Space or any business at or about the Space. This amount is to include, without limitation, revenues derived from or relating to all membership fees collected and any additional fees charged for services at Your Space. The revenues are determined regardless of whether they are evidenced by cash, credit, checks, services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded or credit given to members, shall be deducted in computing Gross Revenue to the extent that such cash or credit represent amounts previously included in Gross Revenue on which Royalty and Marketing Fund Contributions were paid.
- G You shall report to VTX Your Gross Revenue by the 10<sup>th</sup> day of the month by submitting electronically, or in such other form as VTX may designate from time to time, a monthly Royalty Fee and Marketing Fund Contribution Statement (the “**Statement**”).
- H. Payment of the Royalty Fees, Marketing Fund Contributions, Technology Fees and Software Fees will be through electronic withdrawal from Your bank account and shall be done on the 10<sup>th</sup> business day of the month following the month to which the fee applies. VTX reserves the right to change the method of payment from electronic transfer to such other manner of payment that VTX deems appropriate.
- I. Upon execution of this Agreement and/or at any other time thereafter at VTX’s request, You shall sign an authorization substantially in the form attached to this Agreement as Schedule C and all other documents necessary to permit VTX to withdraw funds from Your designated bank account by electronic funds transfer in the amount of the Royalty Fee, the Marketing Fund Contribution and all other fees and amounts described in this Agreement. Any fee calculated by reference to Gross Revenue shall be based on the information in the applicable Statement submitted pursuant to Section 10.G above or, if the Statement has not been submitted on a timely basis, VTX may process an electronic transfer for the subject month based on the average of the three most recent Statements provided by You to VTX plus a late report fee of One Hundred Dollars (\$100.00). If the Statement(s) for the subject month is (or are) subsequently received and reflects (i) that the actual amount of the fee(s) due VTX or the Marketing Fund was greater than the amount withdrawn, then VTX shall be entitled to withdraw additional funds from Your bank account for

the difference; or (ii) that the actual amount of the fee due was less than the amount of the withdrawal, then VTX shall credit the excess amount to the payment of Your future obligations or other amounts due to VTX or the Marketing Fund. Should any electronic funds transfer not be honored by Your bank for any reason, You agree that You shall be responsible for that payment plus any service charge applied by VTX or its bank. If any payments due VTX under this Agreement, whether to be paid by electronic funds transfer or otherwise, are not received when due, interest on the amount past due will be charged interest by VTX at the rate of 18% per annum or the maximum rate of interest permitted by law, whichever is less plus a late charge of \$10.00 per day for each day the payment is late. You acknowledge and agree that You have no right to withhold payment of the fees due under this Section 10 by right of Your dissatisfaction with VTX's performance of its obligations under this Agreement and that if You are so dissatisfied, You will pursue other remedies at law which may be available. Additionally, in the event of non-payment by You of any of Your obligations under this Agreement and the failure to cure such non-payment within 15 days of the due date of the payment or any other default under this Agreement, VTX, at its option, may withhold services from You including but not limited to Space support, email access, remote support, website access and Marketing Fund-sponsored services.

- J. As security for all Your monetary and other obligations to VTX, or its affiliates, You hereby grant to VTX a first priority security interest in all of Your assets used in connection with the Space and wherever located, including, without limitation, all furniture, fixtures, machinery, equipment, inventory, and all other property, tangible or intangible, now owned or hereafter acquired by You, as well as all contractual and related rights of You under this Agreement and all other agreements between the parties. You agree to execute such financing statements, continuation statements, notices of lien, assignments, or other documents as may be required in order to perfect and maintain VTX's security interest. VTX agrees to subordinate its security interest to any working capital lender of Yours and to the purchase money security interest of an approved equipment vendor for any equipment purchased by You and used in the operation of the Space. You shall pay all filing fees and costs for perfecting VTX's security interest. You acknowledge that this Agreement constitutes a security agreement for the purposes of the attachment, perfection, and enforcement of the foregoing security interest. Upon the occurrence of any default under this Agreement, VTX shall have and be entitled to exercise all rights to which a secured party may be entitled under the version of the Uniform Commercial Code of the state where the Premises are located.

## **Eleven: ACCOUNTING AND REPORTING**

- A. You shall:
- i. install and use a computerized bookkeeping system specified by VTX. You shall accurately record all transactions through this system and shall ensure that VTX shall have access to Your bookkeeping system at all times for the purpose of obtaining information relating to the Business. In the event of any failure of the bookkeeping system, during the operation of the Business, You shall manually keep accurate records which shall be entered into the bookkeeping as soon as may be practicable following rectification of the cause of the breakdown. Upon VTX's request, You shall modify, upgrade and replace the computerized bookkeeping system from time to time and shall install and use the modified, upgraded or new computerized bookkeeping or other point of sale system specified by VTX in accordance with this Section;
  - ii. maintain on the Premises in a form approved by VTX (and preserve the same for at least six years after the end of the financial year to which they relate and thereafter for so long as any dispute shall remain outstanding between the parties) full and accurate balance

sheets and profit and loss statements and all underlying or supporting records and vouchers (including bank statements, deposit slips and tax returns) relating to the Business. You shall permit VTX (or any person, firm or company nominated by VTX) during business hours to inspect and take copies of Your books of account and records including but not limited to, records stored within your bookkeeping system, cash register rolls, bank statements, deposit slips, tax returns and other financial books of account and records. At VTX's request, You shall promptly transmit or send copies of Your books of account and records to VTX (or any person, firm or company nominated by VTX) for review and inspection. If, on any such inspection or review, a discrepancy greater than 2% of Gross Revenue is found between the sums reported as Gross Revenue and the actual Gross Revenue for any reporting period, then You shall, without prejudice to any other rights which VTX may have, reimburse VTX for all costs incurred in conducting such inspection including travel, hotel, subsistence, salaries and fees;

- iii. for each of Your accounting years supply to VTX financial statements (including a balance sheet and profit and loss statement) for Your full accounting year prepared by Your accountant, which shall be certified by You to VTX as correct. Such certificate and financial statements shall be delivered to VTX within 45 days from the end of the said accounting year. You agree to have such annual financial statements prepared separately for the Venture X Business and not on a consolidated basis with the assets or liabilities or profits and losses of any other business with which You are associated reflected therein; and
  - iv. for each of Your tax years supply to VTX copies of Your federal and state tax returns and sales tax returns or in lieu of federal tax returns supply to VTX each tax year IRS Form 4506-T (or any successor form designated by the IRS), executed by You and authorizing the IRS to send VTX a copy of Your Tax Return Transcript. You agree to prepare and file such returns separately for the Venture X Business and not on a consolidated basis with the income, sales, expenses, or deductions of any other business with which You are associated reported therein.
- B. VTX shall have the right to verify all of Your receipts directly with members of Your Space.
- C. You shall not combine and/or commingle Your Venture X Business operations with that of any other business. You shall not use the bank account, point of sale or bookkeeping system designated for Your Venture X Business to process transactions, sales, make deposits or pay expenses for another business. You agree to keep the financial books of account and records of Your Venture X Business separate and apart from Your personal financial books and records and from the books and records of any other business in which You are associated. You shall not file consolidated tax returns for the Venture X Business which consolidate the income or deductions of the Venture X Business with those of another business.
- D. You acknowledge that VTX has the right to access remotely all of Your bookkeeping and sales data on Your computer and other data which may be hosted by servers and that VTX may use such data for such business purposes as it deems proper provided that VTX shall not sell, transfer or share such data to or with any other person or entity during the Term of this Agreement except in connection with: (i) the transfer of this Agreement as permitted under Section 15 of this Agreement; (ii) the compilation of operating statistics on all franchises, or subsets thereof, for public distribution; (iii) the compilation of operating statistics on all franchises, or comparative sales charts and tables and benchmarks for publication to franchisees via an intranet site; (iv) financial performance representations for publication in VTX's franchise disclosure documents for

prospective franchisees; and (v) other similar purposes.

**Twelve: ADVERTISING/MARKETING**

- A. VTX has established a Marketing Fund to promote the System on a local, regional, national, and/or international level.
- (i) You shall pay the Marketing Fund a monthly Marketing Fund Contribution as specified in Section 10.C.
  - (ii) Venture X Businesses that are owned and operated by VTX (or an affiliate of VTX) will not be required to pay Marketing Fund Contributions in the same manner as Venture X franchisees.
  - (iii) VTX shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from VTX's other accounts.
  - (iv) VTX shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international levels), and related overhead. The foregoing includes such activities and expenses as VTX reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Trademarks, and/or branding; development and maintenance of brand websites; social media; Internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of VTX's employees working on marketing) and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund.
  - (v) You agree that expenditures from the Marketing Fund need not be proportionate to contributions made by You or provide a direct or any benefit to You. The Marketing Fund will be spent at VTX's sole discretion, and VTX has no fiduciary duty with regard to the Marketing Fund.
  - (vi) VTX may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, VTX may loan such funds to the Marketing Fund on reasonable terms.
  - (vii) VTX will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of VTX's fiscal year and will provide the financial statement to You upon request.
- B. VTX may establish a market advertising and promotional cooperative ("**Market Cooperative**") in any geographical area. If a Market Cooperative for the geographic area encompassing the area within which Your Business is located at the time You commence operations hereunder, You shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing Your Business is established during the term of this Agreement, You shall become a member of such Market Cooperative within 30 days. VTX shall not require You to be a member of more than one Market Cooperative. If VTX establishes a Market Cooperative:

- (i) Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by VTX. VTX may require the Market Cooperative to adopt bylaws or regulations prepared by VTX. Unless otherwise specified by VTX, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. VTX will be entitled to attend and participate in any meeting of a Market Cooperative. Any VTX Business owned by VTX in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each VTX franchisee will be entitled to cast one vote for each Space owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, VTX may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.
  - (ii) Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs (subject to VTX's approval) and developing (subject to VTX's approval), standardized promotional materials for use by the members in local advertising and promotion.
  - (iii) No advertising or promotional programs, plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of VTX pursuant to Section Twelve D. VTX may designate the national or regional advertising agencies used by the Market Cooperative.
  - (iv) The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including You.
  - (v) Only VTX will have the right but not the obligation to enforce the obligations of franchisees that are members of a Market Cooperative to contribute to the Market Cooperative.
  - (vi) VTX may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.
- C. You shall be responsible for all Your own direct marketing and local advertising of the **Venture X Business**. In addition to the Marketing Fund Contribution paid to the Marketing Fund, You shall expend at least an amount equal to 5% of all gross revenues on direct marketing or local advertising (including public relations) in each year. For the purposes of this Paragraph, the term "direct marketing or local marketing" shall mean all marketing and public relations, sales personnel costs, advertising and promotions effected through the medium of the Internet, mobile marketing, email and other digital communications media advertising and promotions effected through the medium of local radio or television broadcasts, newspapers, periodicals, billboards and public relations.
- D. You shall comply with the criteria and/or guidelines that VTX will establish from time to time for marketing and advertising (including public relations) activities. VTX will require that Your advertising materials include contact information for obtaining information regarding VTX franchises and the VTX System. VTX may, from time to time, provide samples of certain marketing materials that You may duplicate and use, subject to You ensuring Your compliance with all applicable laws and regulations. In addition, VTX may provide sample copies of advertising or reproduction proofs of advertising from time to time, which, if observed, will not require any consent from VTX. All other marketing campaigns or promotional activities (including public relations) conducted by You shall be subject to the prior written approval of VTX whose

decision will not be unreasonably delayed.

- E. You shall, upon being requested to do so, provide VTX with details of Your proposed marketing, advertising and promotional activities. You acknowledge that VTX has explained the importance of the creation and maintenance of a full-time marketing program. You further acknowledge that a vital factor to the success of any Space lies in the creation and maintenance of a full-time marketing program. You agree to create and continuously conduct, during the Term a full-time and ongoing marketing program, and devote a minimum of three (3) hours per day, either personally or through an employee, to conducting such a marketing program. You further agree to create a marketing file and record all marketing activities therein. This file shall remain on the Premises and be available to VTX to review upon reasonable notice.

**Thirteen: INSURANCE**

- A. You are required to obtain and maintain at Your cost and expense such policies of insurance in such amounts and from such carriers as may reasonably be required by VTX from time to time throughout the Term. You shall periodically provide VTX with such proof as VTX may require from time to time that You have obtained and are maintaining the insurance coverage required hereunder. Such insurance shall include, without limitation:
  - i. comprehensive general liability policy with a minimum combined single limit covering bodily injury and property damage with respect to the Premises and completed operations of One Million Dollars (\$1,000,000);
  - ii. owned auto insurance with a minimum combined sign limit covering bodily injury and property damage of One Million Dollars (\$1,000,000); and
  - iii. all insurance required by applicable law, including workers' compensation and disability (limits may vary according to geographical location). If the applicable laws in Your state do not require the owners of a business to be covered by workers' compensation insurance, You shall elect coverage for Yourself.
- B. You shall name VTX as an additional named insured on all insurance policies required hereunder which policies shall be considered as primary in the event of loss or claim.
- C. You shall not terminate any insurance policy required to be obtained and maintained hereunder, nor modify or amend the terms thereof, without VTX's prior written consent, which consent shall not be unreasonably withheld, and each policy must provide that it shall not be canceled, modified or subjected to non-renewal, without at least 10 days prior written notice to VTX.
- D. This Section 13 references minimum requirements. You should consult with Your local insurance agent and legal counsel to ensure Your Business is adequately insured, You have all insurance required by law or by the terms of any agreement to which You are a party.

**Fourteen: TRADEMARKS**

- A. You shall only use the Trademarks in connection with the operation of the Business and only in a form and manner approved by VTX. All domain names and e-mail addresses to be used in Your Business must be approved in writing prior to use and all domain names that include the trademark "Venture X" will be the property of VTX.

- B. In no circumstances shall You apply for registration with respect to any of the Trademarks or which would conflict with the Trademarks, nor shall You take any action or refuse or decline to take any action which may result in harm to the Trademarks or put any registrations or applications to register at risk.
- C. You shall comply with VTX's instructions in filing and maintaining the requisite fictitious, trade or assumed name registrations for the Trademarks.
- D. You shall, in all representations of the Trademarks, attach in a manner approved by VTX such inscription as is usual or proper for indicating that such Trademarks are registered.
- E. You acknowledge that the use of the Trademarks outside the scope of this Agreement, without VTX's prior written consent, is an infringement of VTX's rights in the Trademarks, and You expressly covenant that during the Term, and after the expiration or sooner termination of this Agreement, You shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting the validity or right of VTX to the Trademarks, or take any other action in derogation of such rights.
- F. In the event of any claim of infringement, unfair competition or other challenge to Your right to use the Trademarks, or in the event You become aware of any use of or claims to the Trademarks by persons other than VTX or its authorized franchisees, You shall promptly (but in no event more than 15 days later) notify VTX in writing. You shall not communicate with anyone except VTX and its counsel in connection with any such infringement, challenge, or claim except pursuant to judicial process. VTX shall have sole discretion as to whether it takes any action in connection with any such infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to the Trademarks. You must sign all instruments and documents, render any assistance, and do any acts that VTX's attorneys deem necessary or advisable in order to protect and maintain VTX's interest in any litigation or proceeding related to the Trademarks or otherwise to protect and maintain VTX's interests in the Trademarks.
- G. If it becomes advisable at any time, in VTX's sole discretion, to modify or discontinue the use of any of the Trademarks and/or use one or more additional or substitute names or marks, for reasons including, but not limited to, the rejection of any pending registration or revocation of any existing registration of any of the Trademarks, or the superior rights of senior users thereof, You will immediately, upon written notice from VTX and at Your expense, make all changes or modifications to the Trademarks as specified by VTX.

**Fifteen: ASSIGNMENT & RESALE (SALE OF BUSINESS)**

- A. You shall have the right to assign the franchise and to sell the Business with the prior written consent of VTX, which consent shall not be unreasonably withheld and subject to the conditions listed in Section 15.C. below.
- B. VTX will grant to a purchaser of the Business who is acceptable to it a franchise for a period equal to the term then being granted by VTX to new franchisees (commencing the date of the sale of the Business) and upon similar terms and conditions to VTX's then current form of franchise agreement, excluding the payment of an initial fee.
- C. Subject to Sections 15.D. through 15.F. below, the conditions required to obtain the written consent of VTX to the sale of the Business by You shall be that:

- i. any prospective purchaser shall submit his offer in writing, shall be bona fide and at arms length, and shall meet VTX's standards with respect to the selection of new franchisees;
  - ii. the prospective purchaser or its management team must agree to successfully complete VTX's initial training program prior to assuming the daily duties of the Business;
  - iii. the prospective purchaser must enter into a new franchise agreement prior to attending or receiving such training as may be required by VTX;
  - iv. Your Space is in compliance with VTX's current standards including, but not limited to brand standards and standards for equipment, point of sale or business management systems, fixtures, signage and furnishings, or is brought into compliance prior to the completion of the transfer to the prospective purchaser;
  - v. You or the prospective purchaser shall pay to VTX a transfer fee of the greater of \$39,500.00 or the then current transfer fee charged under the then current franchise agreement;
  - vi. You must not, at the time of Your application for consent, be in breach of any of Your obligations to VTX under the terms of this Agreement; and
  - vii. payment is made by You of all costs and all obligations by or of You to VTX and any suppliers are discharged without any right of deduction or set-off.
- D. You shall, as soon as possible, submit to VTX a copy of each written offer or full details of any other offer that You receive from any prospective purchaser to purchase Your Business from You, together with the following information:
- i. a financial statement and the business history of the prospective purchaser; and
  - ii. details of all terms that may have been agreed or proposed between You and the prospective purchaser.
- E. VTX shall, in addition to its other rights under this Agreement, have an option to purchase the Business for the same amount and upon the same terms as the prospective purchaser has offered. In the event of (i) a transfer or assignment of stock, share capital or similar ownership interest or (ii) Your insolvency or bankruptcy, the offer shall be for Your interest in this Agreement, and the equipment, inventory, fixtures and leasehold interest used in the operation of the Business. An amount and terms of purchase under these conditions shall be established by a qualified appraiser selected by the parties.
- F. VTX shall have a period of 10 days after receipt of written notice and the information referred to in Section 15.D. above, to exercise its option to purchase by notice in writing to You. The sale and purchase shall be completed within 15 days following delivery of VTX's notice of intention to purchase, or if any landlord's consent is required, 10 days after such consent shall have been obtained.
- G. For the purpose of this Section, any change in Your beneficial ownership of the issued share capital or of Your true control shall be deemed to be an assignment of this Agreement. In addition, in the event of any attempt by You to circumvent the provisions of this Section by selling or transferring all or any portion of the assets of the Business without transferring Your rights under this

Agreement, You shall be liable to VTX for the full amount of the fee due VTX under Section 15.C.v. of this Agreement.

- H. In the event of Your death or incapacity, where You are an individual, or in the case that You are a corporation, then in the event of the death or incapacity of the owner, this Agreement will be transferable without additional fee or penalty, provided that the transferee meets VTX's approval, as noted above in this Section 15.C.i., which shall not be unreasonably withheld.
- I. VTX reserves the right to sell or assign, in whole or in part, its interest in this Agreement. Any sale or assignment shall inure to the benefit of any assignee or other legal successor.

**Sixteen: TERMINATION**

- A. VTX may terminate this Agreement by written notice to You without any opportunity to cure if:
  - i. You fail to commence the Business within the period of 365 days from the date of this Agreement;
  - ii. You fail to keep the Space open for business for a consecutive period of 10 days unless this is because of major refurbishment or repair or because of the effects of explosion, flood or fire or for a reason to which VTX has given its prior written consent;
  - iii. in Your franchise application or supporting details You have provided VTX with information which contains any false or misleading statements or omits any material fact which may make any statement misleading;
  - iv. You become insolvent, adjudicated a bankrupt, have a voluntary or involuntary petition in bankruptcy or any other arrangement under the bankruptcy laws filed by or against You, make an assignment for the benefit of creditors, or if a receiver or trustee in bankruptcy is appointed to take charge of Your affairs or property;
  - v. You commence dissolution proceedings or have such proceedings commenced against You;
  - vi. You permit a judgment against You to remain unsatisfied or un-bonded of record for 30 days;
  - vii. You knowingly maintain false, inaccurate, or incomplete books or records, or knowingly submit a false report to VTX;
  - viii. You receive 2 or more prior notices of default hereunder from VTX during any twelve 12 consecutive-month period, notwithstanding that such defaults were cured;
  - ix. there shall be a purported or deemed assignment of this Agreement or of the Business other than a sale of the Business under and in accordance with the provisions of Section 15;
  - x. You hire an employee or former employee of VTX in violation of Section 6.X.; or
  - xi. VTX suspects, on reasonable grounds, that any material proprietary information concerning VTX's business, the System, or particulars of any communication from VTX

to You is being or has been communicated in any way to any competitor of VTX by You or at Your direction, by any of Your employees (or any of Your shareholders, directors, officers or other representatives) or any other person associated with any of the foregoing persons. .

- B. In addition to the immediate termination rights set forth in Section 16.A., VTX may terminate this Agreement by written notice to You if You neglect or fail to perform any of Your other obligations under this Agreement including failure to pay any amounts due to VTX under this Agreement or any other obligation of Franchisee to VTX or submit reports, or You fail to provide the services to the standards required by VTX as set out in the Operations Manual, and You fail to remedy such default, neglect or failure to VTX's satisfaction within (i) 15 days after written notice from VTX in the case of a failure to provide Your monthly Statement or pay royalty fees, Marketing Fund Contributions and Technology Fees or any other fees or amounts required to be paid to VTX or its affiliates under this Agreement, or (ii) in the case of any other default, neglect or failure, within 30 days after written notice from VTX.
- C. All Your rights under this Agreement shall cease if VTX terminates this Agreement under the provisions of this Section 16.
- D. THIS AGREEMENT MAY BE TERMINATED ONLY BY VTX AND NO PROVISION IS MADE IN THIS AGREEMENT FOR THE UNILATERAL TERMINATION OF THIS AGREEMENT BY YOU.

#### **Seventeen: CONSEQUENCES OF TERMINATION**

Upon the expiration or sooner termination of this Agreement:

- A. You will immediately discontinue the use of the Trademarks, signs, cards, notices and other display or advertising matter indicative of VTX, or of any association with VTX or of the Business or services of VTX, and will make or cause to be made such changes in signs, cards, notices and other display or advertising matter, buildings and structures as VTX shall direct so as effectively to distinguish the Business from its former public image and marketing image as an Space including but not by way of limitation a change in the colors used. If within 30 days of such direction You fail or omit to make or cause to be made any change, then VTX shall have the power (without incurring any liability to You), without Your consent, save this consent that You give irrevocably, to enter upon the Premises and to make or cause to be made any such change, at Your expense, which expense You shall pay on demand. In addition, all items that may have been loaned to You by VTX, including the Operations Manual, shall be returned immediately to VTX at Your expense. You shall also forthwith pay to VTX (without any deduction or right of set-off) all sums of money which may be payable or owing (whether or not then due for payment) from You to VTX or the Marketing Fund.
- B. You shall further and forthwith:
  - i. provide VTX with a list (including names addresses and telephone numbers) of all current or previous members of the Space; all current or previous member databases and files including all past invoices, address card-file entries, and business cards; Your current membership contracts and a copy of the list of current or previous members may not be sold or otherwise transferred to any person or entity without our written consent; and copies of such information can only be retained by You to the extent needed to file required tax returns;

- ii. assign to VTX in such form as VTX shall require, the benefit of such leases and /or contracts with current members as VTX may specify;
  - iii. join with VTX in canceling any permitted use of the Trademarks;
  - iv. cease the use of all material of whatever nature of which the copyright is vested in VTX or where its continued use would in any way infringe VTX's copyright;
  - v. cease all use, directly or indirectly, of any of the Trademarks, Confidential Information, or any aspect of the System. You shall not represent Yourself as a present or former Venture X franchisee or in any other way associate Yourself with the Venture X System or the Trademarks; and
  - vi. maintain the Venture X System and other information relating to the conduct of the Business in strict confidence and secret, and not use, disclose, publish, or otherwise make it available to any third party.
- C. You shall change and, if requested, assign to VTX, any listed telephone numbers, fax numbers, domain names and e-mail address relating to the Space and also execute any and all documentation necessary to assign any such telephone and fax numbers, domain names and e-mail address to VTX. You hereby authorize and irrevocably constitute and appoint as Your attorney-in-fact for such limited purpose VTX to take such actions and to make, execute, and deliver such documents for and on Your behalf as may be required to assign to VTX the right to use and own such telephone and fax numbers, domain names and e-mail address, the foregoing power being a power coupled with an interest, and hereby direct the appropriate telephone company, domain name registry and internet service provider to so transfer the ownership of said numbers, domain names and e-mail address as may be directed by VTX, in accordance with the Assignment of Telephone Numbers, Domain Names and E-Mail Addresses signed herewith, a copy of which form is attached as Schedule B.
- D. You shall not maintain call forwarding telephone number referral with respect to any telephone numbers formerly used in connection with the Space.
- E. In the event the Premises are leased from a third party, You shall, at VTX's option, assign to VTX Your interest in the Lease. You shall be and remain liable for all of its obligations accruing up to the effective date of any lease assignment. In conjunction with the foregoing, You shall execute and deliver to VTX an Assignment of Lease in such form as may be requested by VTX.
- F. Noncompete Covenant:
- i. Upon the expiration or termination of this Agreement and for a period of two years thereafter, You shall not, within 25 miles of the Premises or within 25 miles of any other Space be engaged, concerned, or interested in any capacity whatsoever in a business which competes with the Venture X Business or any other business within the Venture X Network (except as the holder of not more than 5% of the shares in any company whose shares are listed or dealt in any stock exchange or other recognized public market).
  - ii. You shall not, for a period of eight months after the expiration or termination of this Agreement, solicit for business from any person who was, during the period of two years prior to such expiration or termination, a current or previous member of Your Business.

- iii. You acknowledge and confirm that the length of the term and geographical restrictions contained in this Section are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. You further acknowledge and confirm that Your full, uninhibited, and faithful observance of each of the covenants contained in this Paragraph will not cause You any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section will not impair Your ability to obtain employment commensurate with Your abilities and on terms fully acceptable to You, or otherwise to obtain income required for the comfortable support of Your family, and Your satisfaction of the needs of Your creditors. You acknowledge and confirm that Your special knowledge of the business of a Space (and anyone acquiring such knowledge through You) is such as would cause VTX and its franchisees serious injury and loss if You (or anyone acquiring such knowledge through You) were to use such knowledge to the benefit of a competitor or were to compete with VTX or any of its franchisees.
- iv. In the event any court shall finally hold that the time or territory or any other provision stated in this Section constitutes an unreasonable restriction upon You, You agree that the provisions of this Agreement shall not be rendered void, but shall apply as to time and territory or to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved.
- v. VTX shall have the option (but not the obligation) to be exercised by providing written notice of intent to do so, within 30 days after the expiration or sooner termination of this Agreement, to purchase any items bearing the Trademarks or other assets owned by You, including, without limitation, any or all signs, advertising materials, supplies, inventory, equipment, furnishings, fixtures, or other items at a price equal to Your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by VTX whose costs shall be borne equally by the parties, and his or her determination shall be final and binding. The fair market value of tangible assets shall be determined without reference to good will, going concern value, or other intangible assets. If VTX elects to exercise its option to purchase, it shall have the right to set off all amounts due from You under this Agreement, and the cost of the appraisal, if any, against any payment to You. Should You fail or refuse to execute and deliver the necessary documents to transfer good title to Your assets to VTX, or its nominee, VTX shall be entitled to apply to any court of competent jurisdiction for a mandatory injunction to compel You to comply with the rights granted in this Agreement. All costs and expenses relating to such litigation, including VTX's reasonable attorneys' fees and costs, shall be payable by You to VTX, upon demand, and may be credited by VTX to the agreed purchase price.

**Eighteen: ENTIRE AGREEMENT; FAILURE TO EXERCISE RIGHTS NOT TO BE A WAIVER**

- A. You acknowledge:
  - i. that You have been told that if there are any pre-contractual statements which You consider have been made to You which have induced You to enter into this Agreement, You are obliged to submit the particulars thereof to VTX so that any misconceptions or misunderstandings can be resolved. In such case, an agreed form of pre-contractual statements upon which You relied on may be annexed to and made part of this Agreement;
  - ii. You have been given the opportunity to provide VTX particulars of any pre-contractual statements which You consider have been made to You which have induced You to enter into this Agreement; and
  - iii. this Agreement therefore contains the entire agreement between the parties and accordingly no pre-contractual statements shall add to or vary this Agreement or be of any force or effect unless such pre-contractual statements are either contained in this Agreement or in an annex to it, and You waive any right You may have to sue for damages and/or rescind this Agreement for any pre-contractual statements not contained in this Agreement or an annex to it. Nothing within this Agreement shall be considered a waiver of reliance by You of the representations made in the Disclosure Document or its exhibits or amendments. Nothing within this Agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
- B. In this Section, the expression “pre-contractual statements” includes written or oral pre-contractual statements or agreements, financial statements, profit projections, representations, warranties, inducements or promises whether or not made innocently or negligently.
- C. Your waiver contained in this Section shall be irrevocable and unconditional, but it is expressly provided that such waiver shall not exclude any liability of VTX for pre-contractual statements made by it fraudulently.
- D. No failure of VTX to exercise any power given to it under this Agreement or to insist upon strict compliance by You with any obligation and no custom or practice of the parties at variance with the terms of this Agreement shall constitute any waiver of any of VTX’s rights under this Agreement.
- E. Waiver by VTX of any particular default by You shall not affect or impair VTX’s rights in respect to any subsequent default of any kind by You nor shall any delay or omission of VTX to exercise any rights arising from any of Your defaults affect or impair VTX’s right in respect to said default or any other default of any kind.

**Nineteen: INDEPENDENT CONTRACTOR**

- A. This Agreement does not create a fiduciary relationship or the relationship of principal and agent between You and VTX. VTX is an independent contractor and, except as expressly permitted under this Agreement for certain rights of VTX, neither You nor VTX will under any circumstances, act or hold itself out as an agent or representative of the other nor incur any liability or create any obligation whatsoever in the name of the other.
- B. You agree to take such affirmative action as may be requested by VTX to indicate that You are an

independent contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, leases, contracts, and similar documents which states that the Space is independently owned and operated by You. The content of such plaque and notice is subject to the prior written approval of VTX.

- C. You agree to take affirmative action to make Your Manager and staff conspicuously aware of the proper identity of their employer which is You and not VTX and also aware that notwithstanding any advice, guidance, standards and specifications provided by VTX to Your Business, VTX is not an employer, co-employer or joint employer with You of Your employees.

**Twenty: ACKNOWLEDGEMENTS AS TO ADVICE GIVEN AND OTHER MATTERS**

- A. You hereby acknowledge the exclusive right of VTX in and to the Venture X System as presently developed or as it may be improved and expanded during the term of this Agreement, including practices, know-how, trade secrets, designs, marks, logos, window graphics, store decoration, signs, and slogans presently in use and to be used hereafter.
- B. You understand and acknowledge the importance of VTX's high standards of quality and service and the necessity of operating the Business franchised hereunder in strict conformity with VTX's standards and specifications.
- C. You acknowledge that VTX, in giving advice to and assisting You in establishing the Business (including but without prejudice to the generality of the foregoing recommending equipment and materials, and the assessment of Your suitability) bases its advice and recommendations on experience actually obtained in practice and is not making or giving any representations, guarantees or warranties except that its advice is based upon such previous experience as it has and the degree of success or lack of success in its dealings on its own account and with its franchisees. You acknowledge that You have been advised by VTX to discuss Your intention to enter into this Agreement with other franchisees of VTX and Your business advisors and that You must decide on the basis of Your own judgment of what You have been told by VTX or such other franchisees whether or not to enter into this Agreement. You further acknowledge that You recognize that the business venture contemplated by this Agreement involves business risks and that Your success will be affected by Your ability and commitment as an independent business person.
- D. Except where the context otherwise requires, each of the restrictions contained in this Agreement and in each Section and Paragraph shall be construed as independent of every other restriction and of every other provision of this Agreement, and the existence of any claim or course of action by You against VTX whatsoever shall not constitute a defense to the enforcement by VTX of said restrictions or of any of them.
- E. It is expressly agreed between the parties hereto that having regard to the recitals and other provisions of this Agreement, each of the restrictive covenants contained in this Agreement and in each Section and Paragraph is reasonably necessary for the protection of VTX, VTX's intellectual property rights and the other franchisees of VTX and does not unreasonably interfere with the freedom of action by You. You acknowledge that You have been advised by VTX to obtain independent legal advice before executing this Agreement, and that You are fully aware of its provisions and accept that they are fair and reasonable in all the circumstances known to or in the contemplation of VTX and You as of the date of this Agreement. In particular, You acknowledge that the provisions of this Agreement relating to the limits on Your right to make deductions or set offs (to which You may claim to be entitled) against payment of Royalties are fair and reasonable. You recognize that Your failure or refusal to make payments of such fees or contributions because

of Your dissatisfaction with VTX's performance may result in Your continued involvement in the Venture X Network being subsidized by other franchisees who make payment of such fees and contributions. You also recognize that Your failure to pay such fees and contributions may adversely and materially affect the provision of services to franchisees who are members of the Venture X Network. You accept that the remedies available to You are not affected by the set-off or deduction provisions of this Agreement and the remedies are sufficient for Your purposes including as they do a right to sue for damages.

- F. You warrant that, except pursuant to an agreement with VTX entered into prior to the execution of this Agreement, You had no direct knowledge of the Venture X Business or how to operate a business similar to the Venture X Business or how to conduct the Venture X Business or of VTX's trade secrets, know-how methods or the System.
- G. In order to enable VTX to ascertain whether You are complying with the obligations imposed upon You under this Agreement, and in order to enable VTX to enforce rights given to it by this Agreement, VTX may, at any reasonable time, enter the Premises without Your consent.
- H. YOU SPECIFICALLY ACKNOWLEDGE THAT THERE IS NO SPACE THAT MAY BE CONSIDERED TO BE A "TYPICAL" OR "AVERAGE" SPACE. EXCEPT AS SET FORTH IN THE DISCLOSURE DOCUMENT PREVIOUSLY DELIVERED TO YOU, VTX MAKES NO REPRESENTATIONS OR GUARANTEES AS TO NET/GROSS SALES, PROFITS, COSTS OR EARNINGS YOU CAN EXPECT. YOU ARE NOT ENTITLED TO ANY COMPENSATION OR REIMBURSEMENT FOR LOSS OF PROSPECTIVE PROFITS, ANTICIPATED SALES, OR OTHER LOSSES OCCASIONED BY CANCELLATION OR TERMINATION. NO PERSON IS AUTHORIZED TO GIVE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN OR INCORPORATED IN THIS FRANCHISE AGREEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

**Twenty-One: NO WARRANTIES WITHOUT AUTHORITY**

You shall make no statements, representations, or claims and shall give no warranties to any member or prospective member in respect to the Business or the System or either of them such as are implied by law or may have been specifically authorized in writing by VTX.

**Twenty-Two: ACTIONS AGAINST FRANCHISEE**

In the event any claim, demand, action, or proceeding is brought against You, or if You are notified of any violation of an applicable rule or statute, You will immediately (but in no event later than five days of such notification) notify VTX thereof, giving full particulars, and will diligently and expeditiously defend, compromise, cure, or satisfy such claim, action, demand, proceeding, or violation.

**Twenty-Three: ADDITIONAL REMEDIES OF VTX**

- A. You recognize that the business franchised hereunder is intended to be one of a large number of businesses identified by the Trademarks in selling to the public the services associated with the Trademarks, and hence the failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to VTX, and damages at law would be an inadequate remedy. Therefore, You agree that in the event of a breach or threatened breach of any of the terms of the Agreement by You, VTX shall be entitled to seek an injunction restraining such breach and/or decree a specific performance, without showing or proving any actual damage,

together with recovery of reasonable attorneys' fees and costs incurred in obtaining said equitable relief. The foregoing equitable remedy shall be in addition to all remedies or rights that VTX may otherwise have by virtue of any breach of this Agreement by You. VTX shall be entitled to seek such relief without the posting of any bond or security, and if a bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of \$100 shall be a sufficient bond.

- B. VTX shall also be able to seek injunctive relief to prohibit any act or omission by You or Your employees that constitutes a violation of any applicable law, is dishonest or misleading to Your tenants and members, of other businesses, or constitutes a danger to Your employees or tenants and members or to the public or which may impair the Goodwill associated with the Trademarks.
- C. You expressly consent and agree that VTX may, in addition to any other available remedies, obtain an injunction to terminate or prevent the continuance of any existing default or violation, and/or to prevent the occurrence of any threatened default by You of this Agreement.

#### **Twenty-Four: NOTICES**

- A. All notices that VTX is required or may desire to give to You under this Agreement may be delivered personally or may be sent by certified mail or registered mail, postage prepaid, addressed to You at either the Premises address, or home address as noted in this agreement. All notices which You may be required or desire to give to VTX shall be sent by certified mail or registered mail, postage prepaid, addressed to: Venture X Franchising, LLC, 2121 Vista Parkway, West Palm Beach, FL 33411. The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given upon personal delivery or 2 business days after deposit in the U.S. Mail.
- B. You must provide VTX with immediate written notice of any breach of this Agreement, or any other agreement between You and any of the following parties, that You believe to have been committed or suffered by VTX, its affiliates, or their respective owners, officers, directors, employees, or representatives. Notice of such breaches extends, without limitation, to breaches arising out of, or related to, the negotiation or performance of this Agreement by VTX or concerning misrepresentations or any acts of misfeasance or nonfeasance. If You fail to give VTX written notice within one year from the date of any such breach, then such breach shall be deemed to have been waived by You and, thereupon, You shall be permanently barred from commencing any action relating to such believed breach.

#### **Twenty-Five: DISPUTE RESOLUTION; EQUITABLE RELIEF**

- A. Any controversy or claim arising out of or relating to this Agreement, the business franchised hereunder or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be determined exclusively in the state or federal court having jurisdiction over the claims in the judicial district in which VTX's principal place of business is located when the action is commenced, currently Palm Beach County, Florida. Each party waives any objection to jurisdiction of the courts over them in such judicial district, and agrees that, except as to Federal Lanham Act claims, Florida law will apply to this Agreement and waives any right to objection to the jurisdiction or venue of the state or federal courts located in such judicial district. However, prior to any suit, action or legal proceeding taking place, either party may, at its option, submit the controversy or claim to non-binding mediation before the CPR Institute in accordance with its National Franchise Mediation Program or the American Arbitration Association, if the CPR Institute or other mutually agreeable mediator, is unable to conduct the

mediation, in which event both parties shall execute a confidentiality agreement reasonably satisfactory to VTX. Upon submission, the obligation to attend mediation shall be binding on both parties. Each party will bear its own costs with respect to the mediation, except the fee for the mediator will be split equally. In the event of litigation, the reasonable attorney fees and costs of the prevailing party shall be paid by the non-prevailing party.

- B. The provisions of this Section 25 shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law.
- C. VTX and You (and their respective owners) waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.
- D. This Section shall be deemed to be self-executing and shall remain in full force and effect after the expiration or sooner termination of this Agreement.
- E. Mediation shall take place in Your home state.
- F. You acknowledge and agree that it is the intent of the parties that mediation or litigation between VTX and You shall be of VTX's and Your individual claims, and that none of Your claims shall be mediated or litigated on a class-wide basis or on a joined or consolidated claim basis.

**Twenty-Six: MISCELLANEOUS PROVISIONS**

- A. This Agreement shall be binding upon the parties hereto, their heirs, successors, and permitted assigns. All persons signing as You shall be jointly and severally liable for its obligations to VTX under this and any other agreements between the parties.
- B. As to any provision in this Agreement wherein approval is required, or modification desired, such approval or modification must be in writing and signed by the party to be charged.
- C. If any portion of this Agreement is declared to be invalid by any court, such determination shall not affect the balance of this Agreement and the same will remain in full force and effect.
- D. The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in the county and state of VTX's principal place of business, currently Palm Beach County, Florida, and that, therefore, each of the parties irrevocably and unconditionally: (a) agrees that any suit, action or legal proceeding arising out of or relating to the offer, negotiation, performance, validity or interpretation of this Agreement, shall be brought only in the courts of record of the State of Florida in Palm Beach County or the District Court of the United States, Southern District of Florida or the judicial district in which VTX's principal place of business is located when the action is commenced; (b) consents to the jurisdiction of each such court in any suit, action or proceeding; (c) waives any objection which he, she or it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by U.S. mail or by any manner as may be provided under applicable laws or court rules. Notwithstanding the foregoing, if VTX deems it necessary to commence an action in Your jurisdiction to more fully or expeditiously determine, interpret or protect its rights, it may do so.

- E. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and any other agreement relating to this Agreement and all transactions contemplated by this Agreement and any other agreement relating to this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.
- F. The captions herein are inserted for convenience only, and will not be deemed or construed to be a part of this Agreement or to define or limit the contents of the paragraph thereof.
- G. VTX expressly reserves the right to revise, amend and change from time to time brand standards, branding standards, its standards, specifications and methods of establishing, developing and operating a Venture X Business and all such revisions, amendments, changes and improvements developed by VTX, You or other franchisees, shall be and become the sole and absolute property of VTX, and VTX shall have the sole and exclusive rights to copyright, patent, register and protect such improvements in VTX's own name, and You agree to abide by and conform to any such changes.
- H. You acknowledge that State and Federal law may require the VTX to disclose Your home address in particular circumstances. You agree and give Your consent to use the same.
- I. THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO AND MADE A PART HEREOF CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES. NO OTHER AGREEMENTS, WRITTEN OR ORAL, SHALL BE DEEMED TO EXIST, AND ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, EXCEPT FOR OR OTHER THAN THOSE CONTAINED IN THE DISCLOSURE DOCUMENT AND ANY ADDENDA OR AMENDMENTS THERETO, ARE SUPERSEDED HEREBY. THIS AGREEMENT SHALL NOT BE BINDING UPON VTX UNTIL EXECUTED BY AN AUTHORIZED OFFICER THEREOF. THIS AGREEMENT CANNOT BE MODIFIED OR CHANGED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY ALL OF THE PARTIES HERETO.

THE PARTIES HERETO acknowledge that they have read and fully understand all of the above and foregoing. By signing below, each party agrees to abide by all of the terms and conditions contained in this Agreement.

**VTX:**

**VENTURE X FRANCHISING, LLC**

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

Print Name/Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Corporate Name (If Applicable):

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

Print Name/Title: \_\_\_\_\_

Date: \_\_\_\_\_

**STATE OF ILLINOIS**

**ADDENDUM TO FRANCHISE AGREEMENT**

1. Section 26, entitled “MISCELLANEOUS PROVISIONS”, of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

“Under Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other Law of this State is void.”

2. Sections 26.D. and E. of the Franchise Agreement are amended to add the following:

- 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.
- Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et seq.), this Agreement on any other agreement relating to this Agreement, and all transactions contemplated by this Agreement and any other agreement relating to this Agreement, shall be governed by and construed and enforced in accordance with the internal laws of the State of Illinois without regard to principles of conflicts of laws.

The undersigned hereby acknowledge having read this Addendum, that they understand its contents, agree to be bound by all of its terms, and agree it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

VENTURE X FRANCHISING, LLC

By: \_\_\_\_\_  
Franchisor

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**STATE OF MARYLAND**

**ADDENDUM TO THE FRANCHISE AGREEMENT**

1. Sections 25.A. and 26.D. of the Franchise Agreement are amended by adding the following language:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

2. Section 2.E. of the Franchise Agreement is amended by adding the following language:

“Nothing in this Franchise Agreement or any related Agreement requiring You to assent to a release, estoppel, or waiver of liability is intended to nor acts as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.”

“This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

3. The Franchise Agreement is amended by adding Section 26.J. that reads as follows:

“Any acknowledgments or representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law 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.”

4. We have posted a surety bond with SureTec Insurance Company. This surety bond is on file with the Maryland Securities Division.

Agreed to this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

FRANCHISOR:

FRANCHISEE:

VENTURE X FRANCHISING, LLC

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

\_\_\_\_\_  
Franchisee Signature

\_\_\_\_\_  
Franchisee (print name)

\_\_\_\_\_  
Franchisee Signature

\_\_\_\_\_  
Franchisee (print name)

**STATE OF MINNESOTA**

**ADDENDUM TO FRANCHISE AGREEMENT**

1. Section 2.E. of the Franchise Agreement is amended by adding the following language:

“The general release that is required as a condition of a renewal, sale, or transfer of the franchise shall not apply to liability of the franchisor under the Minnesota Franchisor Act, MINN STAT §80C.01-22.”

2. New subsection E is added to Section 16 of the Franchise Agreement which states:

“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”.

3. Sections 25.A. and 26.D. of the Franchise Agreement is amended by adding the following language:

“Minn. Stat. 80C21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Disclosure Document or this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights as provided for by the laws of the jurisdiction.”

4. The Franchisor will protect the Franchisee’s rights 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.

5. Minnesota considers it unfair to not protect the Franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Date: \_\_\_\_\_

\_\_\_\_\_  
Franchisee

VENTURE X FRANCHISING, LLC

By \_\_\_\_\_

\_\_\_\_\_  
Franchisee

**STATE OF NORTH DAKOTA**

**ADDENDUM TO FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement is agreed to this \_\_\_\_ day of \_\_\_\_\_, 201\_\_, between VENTURE X FRANCHISING, LLC and Franchisee herein, to amend and revise said agreement as follows:

- Section 2.E. of the Franchise Agreement is amended by the following:

The Commissioner has determined that franchise agreements which require the franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust, and inequitable with the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- Section 17.F. of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

Covenants not to compete upon termination or expiration of a franchise agreement are generally considered unenforceable in the State of North Dakota.

- Sections 25.A. and 26.D. of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special, or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under North Dakota Law.

The Commissioner has determined that franchise agreements which provide that parties agree to the arbitration of disputes at a location that is remote from the site of the franchisee’s business are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Section 51-19-09 of the North Dakota Franchise Investment Law provides that any provision in a franchise agreement requires that jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

- 4. Section 26.E. of the Franchise Agreement is amended by substituting State of North Dakota for State of Florida as the applicable law.

VENTURE X FRANCHISING, LLC

Franchisee:

BY: \_\_\_\_\_

\_\_\_\_\_

**STATE OF RHODE ISLAND**

**ADDENDUM TO FRANCHISE AGREEMENT**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Agreement for VENTURE X FRANCHISING, LLC, for use in the State of Rhode Island, is amended as follows:

- **Section 25** shall be amended to add a new subsection G that states:

G. §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts' fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

- **Section 26.D.** shall be amended to add the following: §19-28.1-14 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.

Date: \_\_\_\_\_

VENTURE X FRANCHISING, LLC

FRANCHISEE:

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

\_\_\_\_\_  
\_\_\_\_\_

**STATE OF WASHINGTON**

**AMENDMENT TO 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.

VENTURE X FRANCHISING, LLC

By: \_\_\_\_\_  
Franchisor

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**STATE OF WISCONSIN**

**ADDENDUM TO FRANCHISE AGREEMENT**

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISIONS OF THE FRANCHISE AGREEMENT INCONSISTENT WITH SAID LAW. WISCONSIN FAIR DEALERSHIP LAW, CHAPTER 135, 1973.

**Section 16 – Termination:** In accordance with the State of Wisconsin Fair Dealership Laws, the Franchisor, directly or through any officer, agent, or employee, may terminate, cancel, fail to renew, or substantially change the competitive circumstances of the franchise agreement with good cause. The burden of proving good cause shall be on the grantor.

The Franchisor shall provide Franchisee at least 90 days prior written notice of termination, cancellation, non-renewal, or substantial change in competitive circumstances, and Franchisee shall have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice shall be deemed void.

The above notice provision shall not apply if the reason for termination, cancellation, or non-renewal is insolvency, the occurrence of any assignment for the benefit of creditors, or bankruptcy. If the reason for termination, cancellation, non-renewal, or substantial change in competitive circumstances is nonpayment of sums due under the license, the Franchisee shall be entitled to written notice of such default and shall have 10 days to remedy such default from the date of delivery or posting of such notice.

**Section 17 – Consequences of Termination:** In the event the Franchise granted herein is terminated by the Franchisor, as provided for above, then at the option of the Franchisee, the Franchisor shall repurchase all inventory sold by it to the Franchisee for resale under this Agreement at the fair, wholesale market value of such items. Such repurchase shall be only for merchandise that has affixed or printed on it a name, trademark, label, or other mark which identifies the Franchisor.

VENTURE X FRANCHISING, LLC

BY: \_\_\_\_\_  
Franchisor

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**Venture X**  
Schedule A 2018

**VENTURE X**  
Schedule A – United States 2018

**PRIVATE OFFICE DESKS**

These **Private Office Desks** have a modern, sleek design to compliment your Space. The desks have a high-pressured laminated top and metal legs for a solid work area. These desks will give your members plenty of workspace in their Private Office. The desks are accompanied by an **Executive Chair** and a **Portable File Cabinet**.

**SHARED DESKS**

These **Open Work Space Desks** will have a power plug in the top of the desk so your members have the ability to charge their computers or other devices right at their desks. These desks will be used in the open Shared Space of your Venture X Franchise.

**PORTABLE FILE CABINETS**

You will receive **Portable Filing Cabinets**, to be used with your **Private Office Desks** and **Open Work Desks**. Each cabinet will have a lock and key for your member's privacy and security.

**EXECUTIVE CHAIRS**

The high-back, adjustable **Executive Chairs** are comfortable and very durable. These modern chairs will be used in the Private Offices and Conference Room. They can also be easily moved for events or private meetings.

**RECEPTION DESK**

This sleek, modern **Reception Desk** is custom built at your location and gives your members' clients a place to check in when they arrive for a meeting. This is also a spacious work area for your Community Manager to work on their **Reception Desk Computer**.

**RECEPTION DESK COMPUTER**

A desktop computer will be provided at the **Reception Desk**. This computer will be used daily by your Community Managers for new member account creation, billing, and work on the **Point of Sale Software**.

**CONFERENCE ROOM TABLES**

**Conference Room Tables** are provided for your members to utilize as needed for meetings or gatherings. These tables will have power plugs and USB ports built into the top of the tables.

**OPEN WORK SPACE TABLES**

The **Open Work Space Tables** are the ideal space for your members to take a break or collaborate with other members. These High-Top tables are perfect for discussions with multiple people. The **Shared Open Work Space Chairs** are also used with these tables.

**OPEN WORK SPACE DESK CHAIRS**

These chairs will be utilized by the members at their **Open Work Space Desks** and **Open Work Space Tables** throughout your space. They are mid-back high quality commercial grade chairs that are easy to move around and use for other events at your Venture X Franchise.

## **LOUNGE AREA FURNITURE**

Sofas and chairs are a key component to your Space. It provides members a comfortable area to take a break or have an informal meeting. The lounge area is also great for collaborative work with other members. This space will be warm and welcoming for any outside events you will have for your members.

## **COFFEE TABLES AND END TABLE**

**Coffee Tables and End Tables** are added to complete the design of your Lounge Area Furniture. This area will make your members and their clients very comfortable and are ideal for a laid-back work area and a perfect place for resting laptops and drinks.

## **SMART TV's**

Smart TV's will be provided for use in your Space. One will be used in your Café so your members can keep up on the latest news and events. The others will be used in your Conference Rooms so your members are able to pull up presentations or other online resources. Also provided are the necessary wall mounts and mini computers to run them.

## **DIGITAL MEDIA PLAYERS**

**Digital Media Players** will be provided for your Conference Rooms. These devices will allow your members to receive digital data from a number of sources and stream it to the **Smart TV's**.

## **PREMARKETING LAPTOP**

A Laptop will be provided to start marketing your business right away. The laptop will be installed with the Point of Sale Software so you are able to accept early sign ups of your members.

## **TECHNOLOGY SYSTEM PACKAGE**

Dependable internet is crucial for any business but especially for your Venture X franchise. The **Technology System Package** will include Network Routers, Firewall and Access Points to ensure your member have reliable connectivity. (Monthly Internet and inside cabling is not included)

## **INTERIOR SIGNAGE**

The Venture X logo and tagline will be a crucial feature in the interior of your space to really bring brand awareness to your location. A Venture X sign will be proudly displayed within your main Reception Area.

## **WALL GRAPHICS**

A Wall Graphics in each of your Conference Rooms will showcase other creative artistic designs approved by Venture X. These features will bring inspiration to your whole space.

## **TABLET AND STAND**

A **Tablet and Stand** is provided at the **Reception Desk** to give customers and clients a directory of all members within your organization. This will also work as an informational guide.

## **CAFÉ APPLIANCES**

Your Café area will have a large Refrigerator, a small Refrigerator, a Microwave and a Dishwasher, which are all amenities your members will really appreciate. Also included is a Popcorn Machine. Fresh made popcorn every Friday afternoon is an awesome way to bring members together and give them a much needed break.

### **CAFÉ TABLE AND CHAIRS**

A **Café Table and Chairs** will be provided so your members can have a place to eat lunch away from their work area. A **Smart TV** will be installed around the Café Table, for advertising opportunities or for entertainment while the members are eating or socializing.

### **START UP OFFICE SUPPLIES**

You will receive an initial **Start-Up of Office Supplies** to ensure a seamless start for your new location. These supplies include sleek metal trash cans, pens, pencils, binders, staplers, paperclips, printer paper and more to ensure you have the necessary items for your Community Managers and your Space.

### **UFG HUB**

Access to our proprietary program known as UFG Hub will connect you with other Venture X franchisees. It will also allow you access to downloadable forms and files, and grant you entrance to our exclusive training portal and the marketing collateral portal.

### **WEBPAGE**

A website landing page with specific information about your location and then employ online marketing strategies to drive traffic to your site will be established for you. This customizable web page will showcase your specific location on the Internet with a contact section, photos, social media links, rates and more. (A monthly subscription is required for maintenance and hosting).

### **INTERNET MARKETING LAUNCH**

This will include a combination of Search Engine Optimization, Paid Search, Location Listings, Map listings, etc. This will also include the establishment of social media sites such as Facebook to allow for local engagement under our branded accounts. Finally, a one-year membership for an email marketing campaign will be established for you. An email blast will assist with filling your office spaces early in the startup of your business.

### **TRADITIONAL MARKETING LAUNCH**

Your location will receive a variety of printed collateral materials that includes such items as business cards, letterhead, envelopes, laptop promotional stickers rate rack cards and promo sheets. Additionally, a press release will be provided to announce the opening in your area. Our PR company works with local publications on your behalf to obtain placements.

### **POINT OF SALE SOFTWARE**

The Point of Sale Software (POS) is utilized to quickly and accurately manage your database as well as billing tiers for your members.

### **\*\*EXTERIOR SIGNAGE**

A Venture X sign will proudly be displayed on the exterior of your location. The sign is constructed of the finest materials and will serve as a tremendous advertisement for your business. (Signage is based off a budgeted amount. If something larger is needed, the franchisee is responsible for the difference)

## **SHIPPING AND DELIVERY**

Shipping, delivery and installation are included in this package.

### **Equipment Total**

**\$394,995\***

Plus tax and customs for all equipment and furnishings

A deposit of \$100,000 is due upon signing the Franchise Agreement. An additional \$100,000 must be paid at the time the lease is signed, with the remaining balance paid when the final architectural drawings for the design and build-out of the Space are completed.

\*Pricing is based on a standard layout consisting of 10,000 square feet of usable office space. Your costs will be higher if you choose to lease or purchase a larger location. Larger locations will require additional furniture and fixtures. Inside cabling and wiring not included.

\*\*All interior and exterior signs may be subject to approval by local municipal authorities and landlords. If changes are required, Venture X Franchising, LLC will order signs to conform to landlord and municipal authority requirements.

Because we are constantly improving our products and equipment, we reserve the right to revise, change and/or substitute product features, dimensions, specifications and designs without notice to improve our stores' capabilities and quality. Prices are subject to change without notice.

**SCHEDULE B**

**ASSIGNMENT OF TELEPHONE NUMBERS, DOMAIN NAMES AND EMAIL ADDRESSES**

Date: \_\_\_\_\_

This assignment shall be effective as of the date of termination of the Franchise Agreement entered into between Venture X Franchising, LLC, d/b/a Venture X (“VTX”) and \_\_\_\_\_ (“Franchisee”). Franchisee hereby irrevocably assigns to VTX or its designee the telephone number or numbers and listings, domain names and email addresses issued to Franchisee with respect to each and all of Franchisee’s Venture X businesses. Franchisee agrees to pay all amounts, whether due and payable or not, that any domain name registry (“Registry”) or internet service provider (“ISP”) may require in connection with such transfer. This assignment is for collateral purposes only and VTX shall have no liability or obligation of any kind whatsoever arising from this assignment, unless VTX desires to take possession and control over the telephone numbers, domain names and email addresses.

VTX is hereby authorized and empowered upon termination of the Franchise Agreement and without any further notice to Franchisee to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), the Registry and the ISP to transfer the telephone numbers, domain names and email addresses to VTX or such other person or firm as is designated by VTX. In furtherance thereof, Franchisee hereby grants an irrevocable power of attorney to VTX and appoints VTX as its attorney-in-fact to take any necessary actions to assign the telephone numbers, domain names and email addresses including but not limited to, executing any forms that the telephone companies, the Registry or the ISP may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, the Registry and the ISP and the telephone companies, the Registry and the ISP may accept this assignment and VTX’s instructions as conclusive evidence of VTX’s rights in the telephone numbers, domain names and email addresses and VTX’s authority to direct the amendment, termination or transfer of the telephone numbers, domain names and email addresses as if they had originally been issued to VTX. In addition, Franchisee agrees to hold the telephone companies, the Registry and the ISP harmless from any and all claims against them arising out of any actions or instructions by VTX regarding the telephone numbers, domain names and email addresses.

FRANCHISEE:

\_\_\_\_\_

Venture X Franchising, LLC

By \_\_\_\_\_

**SCHEDULE C**

ELECTRONIC FUNDS TRANSFER  
AUTHORIZATION TO HONOR CHARGES  
DRAWN BY AND PAYABLE TO  
VENTURE X FRANCHISING, LLC  
("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agree with respect to any action taken pursuant to the above authorization:

- (1) To indemnify the Depository 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 Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- (2) To indemnify Payee and the Depository 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 Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Acct.: \_\_\_\_\_

(Please attach one voided check for the above account)

Store Location: \_\_\_\_\_

Store #: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

\_\_\_\_\_  
Name of Franchisee/Depositor (please print)

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

Signature and Title of Authorized Representative

Date: \_\_\_\_\_

**FRANCHISEE’S RATIFICATION**

In consideration of the execution of the foregoing Franchise Agreement with Venture X Franchising, LLC (“VTX”), the Franchisee hereby acknowledges that:

I have read and understood the foregoing Franchise Agreement and understand that if I do not understand any terms of the Franchise Agreement, or if I do not understand any terms of the Franchise Disclosure Document, I have the right to have my own attorney explain any terms of this Agreement to me.

*VTX ENCOURAGES YOU TO SEEK THE ADVICE OF ANY ATTORNEY PRIOR TO SIGNING THE FRANCHISE AGREEMENT.*

I understand that although VTX will provide assistance and advice, as outlined in the Franchise Agreement, VTX cannot guarantee my success as a Venture X franchisee, and my earnings as a Venture X franchisee will be primarily dependent upon MY INDIVIDUAL EFFORTS in operating my Space.

I acknowledge that neither VTX nor any of its directors, officers, agents, or employees have made any claims or representations whatsoever regarding potential revenues, earnings, or profits, that a Venture X franchisee will achieve as the owner of a Space. I represent that I have entered into the Franchise Agreement without relying upon any claim or representation not contained in the Disclosure Document, and to do so would be unreasonable. I understand that VTX is relying upon my representations in making its decision to grant the Franchise.

While VTX has offered assistance, I UNDERSTAND THAT I AM ASSUMING FULL RESPONSIBILITY FOR, AND HAVE HAD THE FINAL ULTIMATE APPROVAL OF, THE SITE SELECTED AND THE LEASE EXECUTED FOR THAT SITE. I further understand that I have the right to have my own attorney review the Lease and explain to me any provisions of the Lease.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 201\_.

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.

\_\_\_\_\_  
Franchisee –

\_\_\_\_\_  
Franchisee –

*A corporation organized under the Laws of the  
State of \_\_\_\_\_.*

**EXHIBIT B**  
**DEPOSIT RECEIPT**



# VENTURE X

THE FUTURE OF WORKSPACE

## DEPOSIT RECEIPT LETTER

By this Receipt, **VENTURE X FRANCHISING, LLC** acknowledges that it has received a fully refundable deposit of \$19,500 (USD) from:

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

together with an application for a Venture X Franchise Agreement.

We've reviewed your application within our offices and would be pleased to move forward, including assisting you in selecting a location for your Venture X Space.

The deposit you paid will, at the time of signing your Franchise Agreement, be credited to the remainder of the franchise fee for your location. In the event that you decide not to accept the Franchise Agreement for any reason, your deposit will be refunded.

Thank you for your sincere interest in entering into a Venture X Franchise Agreement. We believe we have assembled the best products, support staff, and system in our industry. We look forward to providing this to you and welcoming you into our franchise system.

*[Signatures are on the following page]*

*[Signatures to the Deposit Receipt Letter]*

Sincerely,

**VENTURE X FRANCHISING, LLC**

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

\_\_\_\_\_  
Print Name

**VENTURE X FRANCHISING, LLC CANDIDATE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

Venture X Franchising, LLC

Audited Consolidated Financial Statements

December 31, 2017, December 31, 2016, and December 31, 2015

VENTURE X FRANCHISING, LLC

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# **MILBERY & KESSELMAN, CPA's, LLC**

Certified Public Accountants

To the Board of Directors  
Venture X Franchising, LLC  
West Palm Beach, Florida

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Venture X Franchising, LLC which comprises the consolidated balance sheet as of December 31, 2017, December 31, 2016, and December 31, 2015, and the related consolidated statements of income and members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility 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 fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member: Florida Institute of C.P.A.'s / American Institute of C.P.A.'s

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Venture X Franchising, LLC as of December 31, 2017, December 31, 2016 and December 31, 2015, and the results of its consolidated operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Milbery & Kesselman, CPAs*

Milbery & Kesselman, CPAs, LLC  
March 28, 2018

**VENTURE X FRANCHISING, LLC**  
**Consolidated Balance Sheet**  
**As of December 31, 2017, December 31, 2016, and December 31, 2015**

	2017	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 288,105	\$ 408,178	\$ 200,000
Accounts Receivable, net	2,465,788	679,612	-
Prepaid Expenses	41,107	37,235	350
Total Current Assets	2,795,000	1,125,025	200,350
Property and Equipment, net	-	-	-
<b>Other Assets</b>			
Intangible Assets, net	175,136	226,396	-
TOTAL ASSETS	\$ 2,970,136	\$ 1,351,421	\$ 200,350
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 221,178	\$ 392,770	\$ 825
Accrued Expenses	1,942,009	607,955	-
Franchise Deposits	324,000	132,000	-
Total Current Liabilities	2,487,187	1,132,725	825
<b>Long Term Liabilities</b>			
Member Loan	500,000	-	-
TOTAL LIABILITIES	2,987,187	1,132,725	825
MEMBERS' EQUITY	(17,051)	218,696	199,525
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,970,136	\$ 1,351,421	\$ 200,350

See accompanying independent auditor's report and notes to financial statements

**VENTURE X FRANCHISING, LLC**  
**Consolidated Statement of Income and Members' Equity**  
**For the years ended December 31, 2017, December 31, 2016, and December 31, 2015**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Income</b>			
Franchise Fees	\$ 1,129,900	\$ 425,129	\$ -
Product	2,266,041	886,037	-
Royalty Income	16,514	-	-
<b>Total Income</b>	<u>3,412,455</u>	<u>1,311,166</u>	<u>-</u>
<b>Cost of Goods Sold</b>	2,071,943	716,275	-
<b>Gross Profit</b>	<u>\$ 1,340,512</u>	<u>\$ 594,891</u>	<u>\$ -</u>
<b>Expenses</b>			
Advertising	334,889	75,545	-
Amortization	51,259	29,901	-
Automobile	36,794	5,042	-
Bad Debt	214,593	58,514	-
Bank Service Charges	3,215	2,082	-
Computer and Software	4,866	2,229	-
Charitable Contributions	105	482	-
Dues and Subscriptions	4,772	4,256	-
Insurance	3,236	4,609	-
Office	49,694	49,763	-
Payroll	589,691	227,420	-
Postage	2,093	2,903	-
Professional Fees	51,948	41,925	475
Rent	5,387	1,947	-
Telephone	13,496	13,792	-
Travel and Meals	207,997	51,731	-
<b>Total Expenses</b>	<u>1,574,035</u>	<u>572,141</u>	<u>475</u>
<b>Net Income/(Loss) before Other Income/(Expense)</b>	\$ (233,523)	\$ 22,750	\$ (475)
<b>Other Income/(Expense)</b>			
Interest Expense	158	(98)	-
Income Tax	(2,848)	(750)	-
Gain/(Loss) on Foreign Currency Exchange	466	(2,731)	-
<b>Total Other Income/(Expense)</b>	<u>(2,224)</u>	<u>(3,579)</u>	<u>-</u>
<b>Net Income/(Loss)</b>	<u>\$ (235,747)</u>	<u>\$ 19,171</u>	<u>\$ (475)</u>
<b>Members' Equity, Beginning</b>	218,696	199,525	-
<b>Members' Contribution</b>	-	-	200,000
<b>Members' Equity, Ending</b>	<u>\$ (17,051)</u>	<u>\$ 218,696</u>	<u>\$ 199,525</u>

See accompanying independent auditor's report and notes to financial statements

**VENTURE X FRANCHISING, LLC**  
**Consolidated Statement of Cash Flows**  
**For the years ended December 31, 2017, December 31, 2016, and December 31, 2015**

	2017	2016	2015
<b>Cash Flows from Operating Activities</b>			
Net Income/(Loss)	\$ (235,747)	\$ 19,171	\$ (475)
<b>Adjustments to Reconcile Net Income/(Loss) to Net Cash provided(used) by Operations:</b>			
Amortization	51,259	29,901	-
Increase in Accounts Receivable	(1,786,175)	(679,612)	-
Increase in Prepaid Expenses	(3,872)	(36,885)	(350)
Increase/(Decrease) in Accounts Payable	(171,592)	391,945	825
Increase in Accrued Expenses	1,334,054	607,955	-
Increase in Franchise Deposits	192,000	132,000	-
Cash provided(used) by Operating Activities	(620,073)	464,475	-
<b>Cash Flows from Investing Activities</b>			
Acquisition of Intangible Assets	-	(256,297)	-
Cash used for Investing Activities	-	(256,297)	-
<b>Cash Flows from Financing Activities</b>			
Member Loan	500,000	-	-
Members' Contributions	-	-	200,000
Cash provided by Financing Activities	500,000	-	200,000
Increase/(Decrease) in cash	(120,073)	208,178	200,000
Beginning Balance	408,178	200,000	-
Ending Balance	\$ 288,105	\$ 408,178	\$ 200,000
<b>Supplemental Disclosures of Cash Flow Information:</b>			
<b>Cash paid during the year for:</b>			
Interest	\$ (158)	\$ (98)	\$ -

See accompanying independent auditor's report and notes to financial statements

**Venture X Franchising, LLC  
(A Limited Liability Company)**

**Notes to Consolidated Financial Statements**

**Note 1 Summary of Significant Accounting Policies**

Nature of business - Venture X Franchising, LLC (the “Company”), a Florida limited liability company was formed on September 14, 2015 and is headquartered in West Palm Beach, Florida. The Company sells franchises that allow the purchaser to operate a Venture X franchise which operates a workplace/meeting place that offers members workstations, community, and services with access to telecommunications systems, meeting facilities, data transmission services, reception areas and support, as needed, by trained customer support representatives on a temporary or longer-term basis.

The Company has elected a year end of December 31.

Principles of consolidation – The financial statements include the operations of Venture X Franchising, LLC, and its wholly owned subsidiary Venture X PTY LTD. All significant intercompany transactions have been eliminated in consolidation.

All foreign operations are translated to U.S. dollars at the exchange rate in effect at year-end. Income and expense items and cash flows are translated at the average exchange rate for each year.

A summary of the Company’s significant accounting policies follows:

Accounting estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition - Initial franchise fees are recognized as revenue when services required under the franchise agreement have been performed by the Company. Franchise royalty revenues are based on franchisees’ sales and are recognized as earned. Product and equipment revenue is recorded when legal title is transferred to the customer, generally when the product is shipped.

Cash concentration - The Company maintains its cash in two bank accounts which, at times, may exceed the federally-insured limits. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant credit risk on such accounts.

Accounts receivable - Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due.

The accompanying independent auditor’s report should be read with these notes

**Venture X Franchising, LLC**  
**(A Limited Liability Company)**

**Notes to Consolidated Financial Statements**

**Note 1 Summary of Significant Accounting Policies (continued)**

Credit risk - The Company performs on-going credit evaluations of each franchisee's financial condition. Accounts receivables are principally with franchises that are secured under the franchise agreements. The franchise agreements provide the Company with certain collateral, including inventory and fixed assets. Consequently, risk of loss is considered minimal.

Property and equipment - Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Vehicles	7
Machinery and equipment	10
Computer equipment	3.5 - 7
Software	3.5
Leasehold improvements	10

Long-lived assets - Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. The Company's estimate of undiscounted cash flows indicated that such carrying amounts were expected to be recovered.

Income taxes - The Company has elected to be taxed under sections of the federal and state income tax laws that provide that, in lieu of corporate income taxes, the members separately account for their pro rata shares of the Company's items of income, deduction, losses and credits. Therefore, no provision for federal income taxes is reflected in the Company's financial statements. The provision for state income taxes for 2017, 2016, and 2015 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Various State Income Taxes	\$2,848	\$750	\$0

The Company is subject to taxation in various state jurisdictions. State jurisdictions have statutes of limitations that generally range from three to five years. As of December 31, 2017, none of the Company's tax returns are under examination.

Subsequent events - The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 28, 2018.

The accompanying independent auditor's report should be read with these notes

**Venture X Franchising, LLC**  
**(A Limited Liability Company)**

**Notes to Consolidated Financial Statements**

**Note 2 Cash and Cash Equivalents**

The Company maintains cash balances at two financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Accounts at the Australian institution are insured by the Financial Claims Scheme for up to \$195,170. At December 31, 2017, the Company had uninsured cash balances amounting to \$0. At December 31, 2016, the Company had uninsured cash balances amounting to \$0. At December 31, 2015, the Company had uninsured cash balances amounting to \$0.

**Note 3 Accounts Receivable**

Accounts receivable at December 31, 2017, 2016, and 2015 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Franchise Fees Receivable	\$ 2,635,777	\$ 738,126	\$ -
Less Allowance for Doubtful Accounts	<u>(169,989)</u>	<u>(58,514)</u>	<u>-</u>
	<u>\$ 2,465,788</u>	<u>\$ 679,612</u>	<u>\$ -</u>

The bad debt deducted for the year ended December 31, 2017 was \$214,593. The bad debt deducted for the year ended December 31, 2016 was \$58,514. The bad debt deducted for the year ended December 31, 2015 was \$0.

**Note 4 Intangible Assets**

Intangible assets as of December 31, 2017, 2016, and 2015 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Intangible Assets	\$ 256,297	\$ 256,297	\$ -
Less Accumulated Amortization	<u>(81,161)</u>	<u>(29,901)</u>	<u>-</u>
	<u>\$ 175,136</u>	<u>\$ 226,396</u>	<u>\$ -</u>

Amortization for the year ended December 31, 2017 is \$51,259. Amortization for the year ended December 31, 2016 is \$29,901. Amortization for the year ended December 31, 2015 is \$0.

The accompanying independent auditor's report should be read with these notes

**Venture X Franchising, LLC  
(A Limited Liability Company)**

**Notes to Consolidated Financial Statements**

**Note 5      Transactions with Related Parties**

The Company reimburses and receives reimbursements to and from Related Parties, for certain operating expenses, including home office rent, payroll, and other administrative expenses. For the year ending December 31, 2017, related party balances included a member loan of \$500,000 and net receivables of \$12,986. For the period ending December 31, 2016, related party balances included accounts payable of \$330,182. For the period ending December 31, 2015, related party balances included accounts payable of \$825.

The accompanying independent auditor's report should be read with these notes

# **EXHIBIT D**

## **LIST OF FRANCHISEES**

**Venture X Franchisees as of December 31, 2017**

<b>Name</b>	<b>Address</b>	<b>Telephone</b>	<b>Status</b>
<b><u>Colorado</u></b>			
Michael & Kate Patton	2000 S. Colorado Blvd., Suite 2000, Denver, CO 80222	303-570-7770	Not yet open
Michael & Kate Patton	TBD	303-570-7770	Not yet open
<b><u>Florida</u></b>			
Cathleen Burk	700 S. Rosemary Avenue, West Palm Beach, FL 33407	561-689-8880	Not yet open
<b><u>Indiana</u></b>			
Harsharan Singh Ghoman	5850 Fortune Circle West Drive, Indianapolis, IN 46241	317-989- 3725	Not yet open
<b><u>Massachusetts</u></b>			
Ryan Gagne	TBD	508-431-3264	Not yet open
<b><u>New Jersey</u></b>			
Mahender Gorrai	TBD	609-933-6337	Not yet open
<b><u>Ohio</u></b>			
Deepak Mittal	4600 Smith Road, Norwood, OH 45212	859-391-1957	Not yet open
<b><u>Texas</u></b>			
Carlos Varela	18911 Hardy Oak Blvd., San Antonio, TX 78258	210-564-7626	Open
Carlos Varela	6710 W. Expressway 83, 2nd Floor, Harlingen, TX 78552	210-564-7626	Not yet open
Carlos Varela	TBD	210-564-7626	Not yet open
Nadim and Fraz Ahmad	5301 Alpha Rd. E-80, Dallas, TX 75240	469-207-4970	Not yet open
Umair Meghani, Danish Charanya & Faizan Wastani	TBD	469-583-5358	Not yet open
Umair Meghani, Danish Charanya & Faizan Wastani	TBD	469-583-5358	Not yet open
Umair Meghani, Danish Charanya & Faizan Wastani	TBD	469-583-5358	Not yet open
Todd Brown	TBD	214-597-5827	Not yet open
Brandon Hausenfluck	TBD	956-607-1122	Not yet open

Sudhir Patel	TBD	850-445-9001	Not yet open
Mitchell & Melissa Steiner	To be determined	615-400-0530	Not yet open
<b><u>Virginia</u></b>			
Harry Vinson	TBD	630-544-7705	Not yet open
<b><u>Wisconsin</u></b>			
Andrew, Jansen & Tyler Dahl	200 Division Street LaCrosse, WI 54601	608-769-1122 (Jansen)	Not yet open

# **EXHIBIT E**

## **TABLE OF CONTENTS FOR OPERATING MANUAL**

### **COMPANY OVERVIEW – 7 pages**

- A. Welcome Letter from Venture X and UFG
- B. UFG Mission Statement – VX Mission Statement and Values
- C. UFG Social Mission – VX Social Mission
- D. History of UFG – History of Venture X

### **INDUSTRY BREAKDOWN – 7 pages**

- Quick Industry Facts
- Competition

### **STAFFING – 5 pages**

- A. Community Manager
- B. Community Curator

### **OPERATIONS – 10 pages**

#### **EVENTS – 2 pages**

#### **MEMBERSHIPS – 5 pages**

- 1. Membership Types
- 2. Additional Spaces
- 3. Membership Breakdown
- 4. Conference Rooms

### **MEMBERSHIP AGREEMENT – 15 pages**

- 1. Membership Agreement

### **ADVERTISING & MARKETING – 10 pages**

- 2. Types of Advertising
- 3. Monitoring & Adjusting
- 4. Grand Opening
- 5. Events
- 6. Retention and Surveys

### **PRICING THEORY – 4 pages**

#### **SALES – 10 pages**

#### **6 KEYS – 2 pages**

#### **GOAL SETTING – 4 pages**

#### **BUSINESS PLAN – 2 pages**

#### **BRAND STANDARDS – 4 pages**

#### **FINANCIAL MANAGEMENT – 4 pages**

#### **VENDOR MANAGEMENT – 1 page**

**TOTAL OF 92 PAGES**

**EXHIBIT F**

**AGENTS FOR SERVICE OF PROCESS/STATE  
ADMINISTRATORS**

## DIRECTORY OF AGENCIES/ AGENTS FOR SERVICE OF PROCESS

CALIFORNIA	<p>Administrator -                      Department of Business Oversight                      One Sansome Street, Suite 600                      San Francisco, CA 94105-2980                      Telephone: 866-275-2677</p> <p>Agent -                      California Commissioner of Business Oversight                      Department of Business Oversight                      320 West 4<sup>th</sup> Street, Suite 750                      Los Angeles, CA 90013-1105                      1-866-275-2677</p>	
CONNECTICUT	<p>Banking Commissioner - Department of Banking                      Securities and Business Investments Division                      260 Constitution Plaza                      Hartford, CT 06103-1800                      (860) 240-8299</p>	
FLORIDA	<p>Administrator -                      Department of Agriculture and                      Consumer Services                      Division of Consumer Services                      Mayo Building, Second Floor                      Tallahassee, FL 32399-0800</p>	<p>Agent-                      Jill K. Klein                      2121 Vista Parkway                      West Palm Beach, FL 33411</p>
HAWAII	<p>Commissioner of Securities                      Department of Commerce and Consumer Affairs                      Business Registration Division                      335 Merchant Street, Room 203                      Honolulu, HI 96813                      Telephone: 808-586-2722</p>	
ILLINOIS	<p>State of Illinois – Franchise Bureau                      Office of Attorney General                      500 S. Second Street                      Springfield, IL 62706                      (217) 782-4465</p>	
INDIANA	<p>Agent –                      Indiana Secretary of State                      201 State House                      200 W. Washington Street                      Indianapolis, IN 46204                      Telephone: 317-232-6531</p>	<p>Administrator -                      Indiana Securities Division                      302 W. Washington St.,                      Rm. E-111                      Indianapolis, IN 46204                      Telephone: 317-232-6681</p>

MARYLAND	<p>Agent –  Maryland Securities Commissioner  200 St. Paul Place  Baltimore, MD 21202</p>	<p>Administrator -  Office of the Attorney General  Securities Division  200 St. Paul Place  Baltimore, MD 21202</p>
MICHIGAN	<p>Michigan Department of Attorney General  Corporations and Securities Bureau  PO Box 30054  6546 Mercantile Way  Lansing, MI 48909</p>	
MINNESOTA	<p>Administrator-  Minnesota Department of Commerce  Securities Unit  85 7<sup>th</sup> Place East, Suite 500  St. Paul, MN 55101-3165  Telephone: 651-539-1500</p>	<p>Agent-  Commissioner of Commerce  85 7<sup>th</sup> Place East, Suite 500  St. Paul, MN 55101-3165</p>
NEW YORK	<p>Administrator -  New York State Department of Law  Investor Protection Bureau  28 Liberty Street 21<sup>st</sup> Floor  New York, NY 10005  212-416-8236</p>	<p>Agent -  New York Secretary of State  99 Washington Avenue  Albany, NY 12231</p>
NORTH DAKOTA	<p>North Dakota Securities Department  600 East Boulevard Avenue  State Capitol, Fifth Floor  Department 414  Bismarck, ND 58505-0510  Phone: 701-328-4712</p>	
RHODE ISLAND	<p>State of Rhode Island  Dept. of Business Regulation  Securities Division  1511 Pontiac Avenue  John O. Pastore Complex, Building 69-1  Cranston, RI 02920</p>	
SOUTH DAKOTA	<p>South Dakota Department of Labor and Regulation  Division of Insurance  Securities Regulation  124 S. Euclid, Suite 104  Pierre, SD 57501  (605) 773-3563</p>	
TEXAS	<p>Secretary of State  P.O. Box 12887  Austin, TX 78711</p>	

<p>VIRGINIA</p>	<p><u>Registered Agent:</u>  Clerk of the State Corporation Commission  1300 E. Main Street, 1<sup>ST</sup> Floor  Richmond, VA 23219  Telephone: 804-371-9733</p> <p><u>State Administrator:</u>  State Corporation Commission  Division of Securities and Retail Franchising  1300 East Main Street, 9<sup>th</sup> Floor  Richmond, VA 23219  Telephone: 804- 371-9051</p>
<p>WASHINGTON</p>	<p>Washington Department of Financial Institutions  Securities Division  150 Israel Road SW  Tumwater, WA 98501</p>
<p>WISCONSIN</p>	<p>Wisconsin Securities Commission  345 W. Washington Ave., Fourth Floor  Madison, WI 53703  Telephone: 608-266-1064</p>

**EXHIBIT G**

**GENERAL RELEASE AGREEMENT**

## GENERAL RELEASE AGREEMENT

**THIS GENERAL RELEASE AGREEMENT** (“Agreement”) is made between **VENTURE X FRANCHISING, LLC**, a Florida limited liability company (hereinafter referred to as the “Franchisor”) and \_\_\_\_\_, whose business is located at \_\_\_\_\_ (hereinafter referred to as the “Franchisee”).

### *INTRODUCTION*

A. The Franchisor and the Franchisee entered into a Franchise Agreement (the “original Franchise Agreement”) dated \_\_\_\_\_, pursuant to which the Franchisor granted the Franchisee a Venture X franchise.

B. The parties desire to terminate the original Franchise Agreement on the terms and conditions set forth in this Agreement.

C. This Agreement has been supported by full and adequate consideration, receipt of which is hereby acknowledged by both the Franchisee and the Franchisor.

The parties agree as follows:

1. **Termination of Franchise Agreement and Related Agreements.** The parties agree that, subject to Section 3 hereof and the terms and conditions set forth in Schedule A attached hereto, the original Franchise Agreement and all obligations of the Franchisee and Franchisor under or arising from the original Franchise Agreement are hereby terminated.

2. **Mutual General Releases.** Subject to Section 3 hereof, the Franchisee, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisor and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which the Franchisee ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the original Franchise Agreement, the Franchisor’s offer, sale or negotiation of the Venture X franchise, the relationship of the parties arising therefrom, or the Franchisor’s conduct in obtaining and entering into agreements.

Subject to Section 3 hereof, the Franchisor, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisee and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which the Franchisor ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the original Franchise Agreement.

3. **Post-Term Covenants; Special Stipulation.** The termination and release provided in this Agreement shall have no effect on those obligations of the Franchisee (and its owners and guarantors, if any) arising out of the original Franchise Agreement or any other agreement which concern the payment of any accrued but unpaid amounts owed to the Franchisor (whether known or unknown), or which otherwise

expressly or by their nature survive the termination of the original Franchise Agreement, including, without limitation, obligations pertaining to the Franchisee's indemnification obligations, non-disclosure of the Franchisor's confidential information and non-competition with the Franchisor. In addition, all obligations of the parties, if any, in the original Franchise Agreement pertaining to mediation, litigation and arbitration of disputes and jurisdiction and venue for dispute resolution, shall apply with equal force to the terms and conditions of this Agreement, as if set forth herein. Such obligations shall continue in full force and effect in accordance with their terms subsequent to termination of the original Franchise Agreement and until they are satisfied or by their nature expire. The Franchisee acknowledges and agrees it has no right, title or interest in and to the trademarks associated with Franchisor's franchise system, including, without limitation, "Venture X," and any colorable imitation thereof.

4. **Confidentiality.** It is acknowledged by the Franchisee that the terms of this Agreement are in all respects confidential in nature, and that any disclosure or use of the same by the Franchisee may cause serious harm or damage to the Franchisor, and its owners and officers. Therefore, the Franchisee agrees, either directly or indirectly by agent, employee, or representative, not to disclose the termination, this Agreement or the information contained herein, either in whole or in part, to any third party, except as may be required by law.

5. **Non-Disparagement.** The parties agree that at no time will they make any derogatory statements about or otherwise disparage, defame, impugn or damage the reputation of integrity of the others, provided that nothing in this paragraph will preclude any party from providing truthful information in response to compulsory legal process. The parties further agree not to, and to use their best efforts to cause any of the parties' agents, employees or affiliates not to, disparage or otherwise speak or write negatively, directly or indirectly, of the parties' brands, systems, or any other service-marked or trademarked concept of the parties or the parties' affiliates, or which would subject such brands, systems or concepts to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of the parties or their brands, systems or service-marked or trademarked concepts.

6. **Binding Effect.** All of the terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, heirs, successors and permitted assigns.

7. **Interpretation.** Each of the parties acknowledge that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the execution of this Agreement and all of the other documents executed incidental hereto, if any, and, therefore, the parties agree that none of the provisions of this Agreement or any of the other documents should be construed against any party more strictly than against the other.

8. **Entire Agreement.** This Agreement, including any Schedules attached hereto (which are considered a part of this Agreement), represent the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersede all other negotiations, understandings and representations if any made by and between the parties.

9. **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.

10. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page shall be binding upon any party so confirming or telecopying.

11. **Effectiveness of Agreement.** This Agreement shall not be effective until it has been signed by the Franchisee and an authorized officer of the Franchisor and delivered fully executed to the Franchisee and the Franchisor.

**THE UNDERSIGNED** have read, fully understand, and, by executing below, agree to the terms and conditions of this Agreement.

**Venture X Franchising, LLC:**

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

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**The Franchisee:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE A TO GENERAL RELEASE

### ADDITIONAL TERMS AND CONDITIONS

#### FOR TRANSFER AND ASSUMPTION OF FRANCHISE

The Franchisee desires to transfer its rights to operate its Venture X Space operated under the original Franchise Agreement (the "Venture X Space") to a successor franchisee, \_\_\_\_\_, who desires to continue operating such Venture X Space pursuant to a Successor Franchise Agreement with Franchisor. The terms and conditions of this Schedule "A" supplement the terms and conditions of the foregoing General Release Agreement of which this Schedule forms a part.

The parties agree that the foregoing recitals are true and correct, and for good and valuable consideration, the receipt of which is acknowledged by each of the parties, the parties agree as follows:

1. **Transfer.** Effective as of the date of this Agreement, the Franchisee does hereby bargain, sell, assign, convey, and transfer all of Franchisee's rights to the Successor Franchisee to operate Venture X Space, pursuant to the Successor Franchise Agreement and any related written agreements between the Successor Franchisee and Franchisor. Subject to the terms of such Successor Franchise Agreement and related written agreements with Franchisor, the Successor Franchisee hereby accepts and assumes the rights and obligations of the Franchisee to operate the Venture X Space. Successor Franchisee is not assuming any liabilities of Franchisee to Franchisor. If for any reason the sale of Franchisee's business to Successor Franchisee is not completed, the General Release Agreement will be deemed null and void and Franchisee shall continue to operate the Venture X Space under the terms of the original Franchise Agreement. Unless otherwise provided in a written agreement between Franchisee and Successor Franchisee, Franchisee, during the period from the date hereof to the final closing date of the sale of the Venture X Space to the Successor Franchisee, shall operate the Venture X Space for his/her own account.

2. **Successor Agreements and Payments.** The Successor Franchisee is hereby delivering to Franchisor its duly signed Successor Franchise Agreement and any related agreements that may be required as a result of this transaction under the original Franchise Agreements. The Successor Franchise Agreement means the current standard form of Franchise Agreement required by the Franchisor, subject to any modifications consented to in writing by Franchisor. The Successor Franchisee is also hereby delivering to Franchisor a training fee in the amount of \$39,500.00. No initial franchise fee shall be due under the Successor Franchise Agreement from the Successor Franchisee.

3. **Consents, Subordination and Acknowledgments.** The Franchisor consents to the transfer to and assumption by the Successor Franchisee in accordance with this Agreement. Such consent does not constitute approval of, nor agreement with, any of the provisions of any agreement (other than this Agreement) between the Franchisee and Successor Franchisee. The Franchisee and Successor Franchisee specifically acknowledge that the Franchisor is not a party to any such agreements. The Franchisee agrees that its rights pursuant to any agreements with the Successor Franchisee are subject to and subordinate in all respects to Franchisor's rights under the Successor Franchise Agreement and all related agreements, if any, between the Franchisor and Successor Franchisee, including all renewals, modifications, and extensions, if any, to such agreements. The Successor Franchisee agrees that its rights concerning the Franchisor exist pursuant only to the written agreements entered between the Franchisor and Successor Franchisee, and in the event of any conflict with the terms of this Agreement, except regarding the waiver of the payment of an initial franchise fee, the terms of such other agreements shall control. The Successor Franchisee acknowledges that it has received and reviewed the General Release Agreement of which this Schedule "A" forms a part. The Successor Franchisee further acknowledges that, except as expressly provided in this Agreement, Franchisor has no liability with respect to, related to, or arising out of, any transaction between the Franchisee and Successor Franchisee, and releases, indemnifies and holds the Franchisor harmless from same.

**FRANCHISOR:**

**VENTURE X FRANCHISING, LLC:**

By: \_\_\_\_\_  
Print Name/Title

Date: \_\_\_\_\_

**THE FRANCHISEE:**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**(Print Corporation Name -if one)**

By: \_\_\_\_\_  
Print Name/Title

Date: \_\_\_\_\_

**SUCCESSOR FRANCHISEE:**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**(Print Corporation Name -if one)**

By: \_\_\_\_\_  
Print Name/Title

Date: \_\_\_\_\_

# **EXHIBIT H**

## **COMPLIANCE CERTIFICATION**

**VENTURE X FRANCHISING, LLC**

**COMPLIANCE CERTIFICATION**

You are preparing to enter into a Franchise Agreement for the establishment and operation of a Venture X franchise business. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that Venture X Franchising, LLC (the “Franchisor”) has not authorized and that may be untrue, inaccurate, or misleading.

**A. The following dates are true and correct:**

- |        |            |  |
|--------|------------|--|
| _____  | _____      | The date on which I first received a Franchise Disclosure Document about the Venture X franchise.  |
| (Date) | (Initials) |  |
|        |            |  |
| _____  | _____      | The date of my first face-to-face meeting with a franchise sales representative of the Franchisor to discuss the possible purchase of a franchise. |
| (Date) | (Initials) |  |
|        |            |  |
| _____  | _____      | The date on which I signed the contracts and agreements as disclosed in my Franchise Disclosure Document   |
| (Date) | (Initials) |  |
|        |            |  |
| _____  | _____      | The earliest date on which I delivered cash, check, or other consideration to the Franchisor in connection with the purchase of a franchise.       |
| (Date) | (Initials) |  |

**B. Please review each of the following questions carefully and provide honest and complete responses to each question:**

1. Have you personally reviewed the Franchise Agreement and the Franchise Disclosure Document?  
Yes \_\_\_\_ No \_\_\_\_
2. Do you understand all of the information contained in the Franchise Agreement and the Franchise Disclosure Document? Yes \_\_\_\_ No \_\_\_\_
  - a. If “No”, what parts of the Franchise Agreement and/or the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)
3. Have you discussed the benefits and risks of establishing and operating a Venture X franchise business with an attorney, accountant, or other professional advisor? Yes \_\_\_\_ No \_\_\_\_
4. Do you understand that the success or failure of your Venture X franchise business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, and other economic and business factors? Yes \_\_\_\_ No \_\_\_\_
5. Has any employee speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits, or operating costs of any Venture X business operated by the Franchisor, its affiliates or its franchisees? Yes \_\_\_\_ No \_\_\_\_
6. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from a Venture X franchise business? Yes \_\_\_\_ No \_\_\_\_
7. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating a Venture X business that is contrary to or different from the information contained in the Franchise Disclosure Document? Yes \_\_\_\_ No \_\_\_\_
8. Has any employee speaking on behalf of the Franchisor made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that the

Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes \_\_\_\_ No \_\_\_\_

9. Do you understand that your initial franchise fee is non-refundable upon entering into a Franchise Agreement? Yes \_\_\_\_ No \_\_\_\_

**C. If you have answered "Yes" to any one of questions B. 5-8, or "No" to question B. 9 please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of questions B. 5-8 and "Yes" to question B.9, please leave the following lines blank.**

\_\_\_\_\_

\_\_\_\_\_

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

**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.**

**FRANCHISE APPLICANT:**

**APPROVED BY:**

Signature \_\_\_\_\_

Print Name:

Date: \_\_\_\_\_

\_\_\_\_\_  
Analyst: Stacy Herig

Date: \_\_\_\_\_

**(If applicable)**

Corporation Name: \_\_\_\_\_

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

Print Name/Title:

Date: \_\_\_\_\_

**EXHIBIT I**

**STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT**

## STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

### STATE OF CALIFORNIA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS OVERSIGHT, NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

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.

OUR WEBSITE 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).

#### Item 3 of the Disclosure Document is amended to add:

“The franchisor, and the persons and franchise brokers listed in Item 2 of the Disclosure Document are not 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 that association or exchange.”

#### Item 6 of the Disclosure Document is amended to add:

“The highest interest rate allowed in California is 10% annually.”

#### Item 10 of the Disclosure Document is amended to add:

“We do not offer direct financing to you, however, if offered in the future, we will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.”

#### Item 17 of the Disclosure Document is amended to add:

You must sign a general release 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).

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 requires application of the laws of the State of Florida. This provision may not be enforceable under California law.

California Business and Professions Code Sections 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.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the 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.

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.

You must sign a general release 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).

### **STATE OF ILLINOIS**

1. Item 17(g) and (h) of the Disclosure Document entitled “RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION” is amended by adding the following language:

“The conditions under which a franchise can be terminated and rights upon non-renewal may be affected by the Illinois Franchise Disclosure Act, Section 19 and 20.”

2. Item 17(v) of the Disclosure Document entitled “CHOICE OF FORUM” and Item 17(w) of the Disclosure Document entitled “CHOICE OF LAW” are amended to add the following language:

“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 in a venue outside of Illinois. Section 20 of the Illinois Franchise Disclosure Act provides that termination and non-renewal of a franchise agreement is governed by Illinois law.”

3. 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.

### **STATE OF MARYLAND**

1. Item 5 of the Disclosure Document is amended by adding the following language:

“We have posted a surety bond with SureTec Insurance Company. This surety bond is on file with the Maryland Securities Division.”

2. Item 17(f) of the Disclosure Document is amended by adding the following language:

“Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law. (11USC Section 101 et. seq.)”

3. Item 17(m) of the Disclosure Document is amended by adding the following language:

“A general release required as a condition of renewal, sale or transfer shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.”

4. Item 17(v) of the Disclosure Document is amended by adding the following language:

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

5. Item 17(w) of the Disclosure Document is amended by adding the following language:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

6. The Franchisee Ratification is amended by adding the following language:

“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.”

### **STATE OF MINNESOTA**

1. Item 17(f) of the Disclosure Document is amended by adding the following language:

“Minn. Stat. Sec 80C.14 Subds. 3, 4, and 5 require except in certain cases that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days for non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.”

2. Item 17(v) of the Disclosure Document is amended in its entirety to read as follows:

“Minn. Stat. Sec 80C.21 and Minn. Rule 2860.440J prohibit us from requiring litigation to be conducted outside of Minnesota.”

3. Trademarks. The following is added at the end of Item 13:

“To the extent required by the Minnesota Franchises Act, we will protect your rights to use the trademarks, service marks, trade names, logo types, or other commercial symbols related to the trademarks or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks.”

4. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

### **STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**“INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F 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 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, 120 BROADWAY, 23<sup>RD</sup> FLOOR, NEW YORK, NEW YORK 10271. 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 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 the franchisor, its predecessor, a person identified in Item 2, or affiliate offering franchises under the franchisor’s principal trademark:

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

(ii) 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.

(iii) No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten 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: violation of a franchise, anti fraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

(iv) Except as disclosed above, no such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under 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 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 at the end of Item 4:

“Except as disclosed above, neither the franchisor, its affiliates, its predecessor, officers, or general partner during the ten year period immediately before the date of the Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the United States 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 a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one year after that officer or general partner of the franchisor held this position in the company or partnership.”

4. The following is added to the end of Item 5:

“The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.”

5. The following is added to the end of the “Summary” sections of 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 cause 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 provision that the non-waiver provisions of the General Business Law Sections 687.4 and 687.5 be satisfied.”

6. The following language replaced the “Summary” section of Item 19(d), entitled “**Termination by franchisee**”:

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

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

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

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum,” and Item 17(w), titled “Choice of Law”:

The forgoing 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.

### **STATE OF NORTH DAKOTA**

- Per a requirement of the North Dakota Securities Department, the performance of the Franchisor’s obligations under the Franchise Agreement has been guaranteed by our affiliate, EmbroidMe.com, Inc. pursuant to a Guarantee of Performance.
- Item 17 of the Disclosure Document is amended by the addition of the following language to the original language that appears therein:

The Commissioner has determined that franchise agreements which require the franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of a franchise agreement are generally considered unenforceable in the State of North Dakota.

The Commissioner has determined that franchise agreements which provide that parties agree to the arbitration of disputes at a location that is remote from the site of the franchisee’s business are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Section 51-19-09 of the North Dakota Franchise Investment provides that a provision in a franchise agreement that requires jurisdiction or venue shall be in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

3. Item 17(w) of the Disclosure Document entitled “CHOICE OF LAW” is amended to read as follows: “North Dakota Law”

### **STATE OF RHODE ISLAND**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.*, the Franchise Disclosure Document for Venture X Franchising, LLC, for use in the State of Rhode Island, is amended as follows:

- Item 17 (u) shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.
- Item 17 (v) and (w) shall be amended to read: §19-28.1-14 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.

### **STATE OF WASHINGTON**

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.

Item 17(d) of the franchise disclosure document, titled “**Termination by franchisee**” is replaced with:

A franchisee may terminate the franchise agreement under any grounds permitted by law.

**EXHIBIT J**

**DISCLOSURE DOCUMENT RECEIPT**

**RECEIPT**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **VENTURE X FRANCHISING, LLC** offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or sooner if required by applicable state law.

New York and Rhode Island Laws require 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 and Oregon 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 **VENTURE X FRANCHISING, LLC** does not deliver this disclosure document on time, or if it contains a false or misleading statement, or 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, or to your state agency listed in Exhibit F.

The Franchisor is **VENTURE X FRANCHISING, LLC**, located at 2121 Vista Parkway, West Palm Beach, FL 33411. Its telephone number is (561) 640-5570.

Issuance Date: April 9, 2018

**Franchise Seller:** Jim Butler and/or the Sales Agent(s) listed below, **VENTURE X FRANCHISING, LLC**, 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

**VENTURE X FRANCHISING, LLC** authorizes the respective state agencies identified in Exhibit F to receive service of process for it in the particular state. **VENTURE X FRANCHISING, LLC** further authorizes legal process to be served to it at 2121 Vista Parkway, West Palm Beach, Florida 33411.

I received a disclosure document issued April 9, 2018 that included the following Exhibits:

- A. Franchise Agreement
- B. Deposit Receipt
- C. Financial Statement
- D. List of Franchisees
- E. Table of Contents for Operations Manual
- F. Agents for Service of Process/State Administrators
- G. General Release Agreement
- H. Compliance Certification
- I. Disclosure Document Addenda
- J. Disclosure Document Receipt

**DATE:** \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
**PRINTED Sales Agent Name(s)**

\_\_\_\_\_  
Prospective Franchisee **SIGNATURE**

\_\_\_\_\_  
Prospective Franchisee **PRINTED NAME**

\_\_\_\_\_  
Prospective Franchisee **SIGNATURE**

\_\_\_\_\_  
Prospective Franchisee **PRINTED NAME**

-----  
**(If Applicable) Corporation/Company Name**

**By:** \_\_\_\_\_  
Authorized **Corporate Officer Signature**

» \_\_\_\_\_ / \_\_\_\_\_  
**Corporate Officer Printed Name Title**

**RECEIPT**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **VENTURE X FRANCHISING, LLC** offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or sooner if required by applicable state law.

New York and Rhode Island Laws require 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 and Oregon 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 **VENTURE X FRANCHISING, LLC** does not deliver this disclosure document on time, or if it contains a false or misleading statement, or 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, or to your state agency listed in Exhibit F.

The Franchisor is **VENTURE X FRANCHISING, LLC**, located at 2121 Vista Parkway, West Palm Beach, FL 33411. Its telephone number is (561) 640-5570.

Issuance Date: April 9, 2018

**Franchise Seller:** Jim Butler and/or the Sales Agent(s) listed below, **VENTURE X FRANCHISING, LLC**, 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

**VENTURE X FRANCHISING, LLC** authorizes the respective state agencies identified in Exhibit F to receive service of process for it in the particular state. **VENTURE X FRANCHISING, LLC** further authorizes legal process to be served to it at 2121 Vista Parkway, West Palm Beach, Florida 33411.

I received a disclosure document issued April 9, 2018 that included the following Exhibits:

- A. Franchise Agreement
- B. Deposit Receipt
- C. Financial Statement
- D. List of Franchisees
- E. Table of Contents for Operations Manual
- F. Agents for Service of Process/State Administrators
- G. General Release Agreement
- H. Compliance Certification
- I. Disclosure Document Addenda
- J. Disclosure Document Receipt

**DATE:** \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
**PRINTED Sales Agent Name(s)**

\_\_\_\_\_  
Prospective Franchisee **SIGNATURE**

\_\_\_\_\_  
Prospective Franchisee **PRINTED NAME**

\_\_\_\_\_  
Prospective Franchisee **SIGNATURE**

\_\_\_\_\_  
Prospective Franchisee **PRINTED NAME**

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**(If Applicable) Corporation/Company Name**

**By:** \_\_\_\_\_  
Authorized **Corporate Officer Signature**

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\_\_\_\_\_  
**Corporate Officer Printed Name** Title