

EXHIBIT C  
MANAGEMENT RECRUITERS (or SALES CONSULTANTS)  
FRANCHISE AGREEMENT

This Agreement is entered into as of \_\_\_\_\_, (the (Effective Date)) at Philadelphia, Pennsylvania, by and among MANAGEMENT RECRUITERS INTERNATIONAL, INC., a Delaware corporation ("MRI") and ("INDIVIDUAL FRANCHISEE") or ("FRANCHISEE").

RECITALS

A. MRI is the owner of several federally registered service marks, including "Management Recruiters", ["Sales Consultants"], "MR" [or "SC"] "MRI", "MRINetwork", "Accelerated Recruitment" and "Building the Heart of Business" and various other marks developed from time to time (the "Marks").

B. MRI has developed a system, methods, and materials, for the operation of a management level and general personnel placement service and related activities and has established a reputation, demand and good will for these services under the Management Recruiters Marks and the Non-exclusive Marks.

C. FRANCHISEE wants MRI to grant FRANCHISEE a license to use the Marks and FRANCHISEE a franchise for the operation of the personnel placement services described in this Agreement under the Management Recruiters Marks and the Non-exclusive Marks, including the use of the system, methods and materials developed by MRI.

AGREEMENTS

The parties agree as follows:

1. GRANT AND LIMITATIONS

1.1. MRI grants to FRANCHISEE the right to use the Management Recruiters Marks, under the name "Management Recruiters \_\_\_\_\_" (the "Brand Name"), and the Marks and MRI grants to FRANCHISEE a non-exclusive franchise to operate one personnel placement service office under the Brand Name to be situated by FRANCHISEE at the following location (the "Location"):

\_\_\_\_\_

1.2. FRANCHISEE may use an additional name of FRANCHISEE's choosing which does not incorporate any of MRI marks (the "Private Brand Name"), provided that MRI has first approved the Private Brand Name in writing. The approval of the Private Brand Name shall be within MRI's business judgment. FRANCHISEE shall use the Marks, and the Private Brand in such manner and under such circumstances as MRI may determine from time to time. Such determination may be set forth in a manual published by MRI in written or electronic form. MRI may modify, withdraw, or designate substitutes for any or all of its Marks upon six months advance notice, which period may include a transition period. It shall be FRANCHISEE's sole responsibility to determine whether the Private Brand infringes on the rights of any third party. MRI approves FRANCHISEE's use of "\_\_\_\_\_" as FRANCHISEE's Private Brand Name. FRANCHISEE may not license its Private Brand to any other franchisees or to any other independent recruiters or recruiting and staffing companies during the term of this Agreement. FRANCHISEE's Private Brand may only be used if it is approved by MRI's Marketing Department and formatted into MRI's logos, designs and current branding elements. If FRANCHISEE operates a pre-existing staffing and recruiting business under an established Private Brand as of the date of this Agreement and if approved by MRI, FRANCHISEE may continue to operate under its established Private Brand unless MRI provides FRANCHISEE with a preformatted website as part of the purchase.

1.3. MRI may establish or grant any other person a license or franchise to establish any personnel placement service office under the Marks at or near FRANCHISEE's Location during the term of this Agreement. FRANCHISEE has no exclusive or protected area. Nothing in this Agreement shall prohibit MRI or any of its other franchisees or licensees from doing business with a client at the Location or from an office located outside the Location, nor shall FRANCHISEE be prohibited from doing business with clients or candidates outside the Location.

1.4. MRI grants to FRANCHISEE the right to utilize the system and methods to be disclosed to FRANCHISEE through instruction programs, manuals, DVDs, CDs, online computer programs, and other materials and programs in the operation of FRANCHISEE's office at the Location. FRANCHISEE shall use these materials, methods, and know-how and any other information furnished by MRI only in the operation of FRANCHISEE's offices that are licensed under this Agreement. FRANCHISEE shall not permit them to be used in any other operation or for any other purpose. FRANCHISEE's right to use these materials, methods, and know-how is nonexclusive.

**IF YOU SIGN A SALES CONSULTANTS FRANCHISE AGREEMENT, THE FOLLOWING LANGUAGE WILL BE ADDED:**

[1.5. FRANCHISEE's office shall only recruit and place sales, sales management and marketing personnel].

2. PAYMENTS TO MRI[U1][U2][U3][U4]

2.1. FRANCHISEE shall pay to MRI an initial franchise fee of Sixty-Five Thousand Dollars (\$65,000.00) payable via a Twenty Thousand Dollar \$20,000) down payment and in a promissory note payable in 8 equal quarterly installments that begin the 13<sup>th</sup> month after the date of the Franchise Agreement. The Promissory Note is incorporated into and made part of this Agreement. Payments are due on the 10<sup>th</sup> every three months until paid in full.

2.2. FRANCHISEE shall pay to MRI, for the benefit of MRI, at the place MRI designates at any time, until the expiration of this Agreement pursuant to Section 12 and thereafter as provided in Subsection 13.1.6, the following:

2.2.1. a royalty fee equal to Nine Percent (9%) of Net Cash-In. When FRANCHISEE achieves the Net Cash-In targets listed below, and subject to the conditions described below, MRI will refund, if earned, a portion of the royalty fee to FRANCHISEE[U5] in the following quarter if Franchisee is in full compliance with this Agreement. This refund will reduce the royalty rate as follows:

Seven Percent (7%) on Net Cash-In from \$500,001 to \$1,000,000 via a 2% refund;

Five Percent (5%) on Net Cash-In from \$1,000,001 to \$2,000,000 via a 4% refund; and

Three Percent (3%) on Net Cash-In that exceeds \$2,000,000 via a 6% refund.

The Net Cash-In targets are applied annually and not over the term of the Franchise Agreement. For purposes of the royalty refund, the following are not considered Net Cash-In: a) Net Cash paid to you under the MRI Contract Staffing program or any other staffing program; or, b) Net Cash-In earned during any period in which FRANCHISEE is in default of the Franchise Agreement. The refund is paid in the following quarter. The Net Cash-In targets will be adjusted annually to reflect changes in the Consumer Price Index (CPI-U) for November of the current year compared to the Consumer Price Index for November 2009.

2.2.2. a marketing and public relations fee equal to one-half percent (0.5%) of FRANCHISEE's Net Cash-In.

2.3. If FRANCHISEE is thirty or more days in arrears in the payment of required fees or the filing of any required reports, MRI has the absolute right without notice, to stop providing or making

available any or all services and benefits to FRANCHISEE until FRANCHISEE is current in the payment of fees and the filing of reports and has cured all such other defaults. MRI's doing so shall not diminish FRANCHISEE's continuing obligations under this Agreement or constitute an actual or constructive termination of this Agreement, or breach of this Agreement.

2.4. FRANCHISEE shall deliver to MRI all the reports and records relating to the prior calendar month as MRI may reasonably require, on forms and/or in the manner designated by MRI, which may be on paper and/or on reports to be filed electronically on the reporting platform specified by MRI from time to time. Completing the reporting platform will automatically compile the following reports: Income and Expense Report, a Monthly Summary of Net Cash-In and Billing Information, a Monthly Transmittal of Sales Invoices Issued, Annual Profit and Loss statement, client data, a Monthly Statement of Fees Collected (Cash Receipts Journal), a Monthly Listing of Invoice Adjustments Issued and Split Fees and Refunds Paid (accompanied by copies of the checks issued by the FRANCHISEE in payment of split fees and refunds paid), an Invoice Cancellation or Adjustment, a Monthly Deposit and the Reconciliation Report. MRI may request paper copies of the supporting documentation. The required reports shall be delivered to MRI no later than the 10th day of each calendar month. This information may be utilized by MRI for the purposes and in the manner as MRI may determine will benefit the MRI organization generally, including marketing, compensation studies, and other analyses.

2.5. "Net Cash-In" is defined for purposes of this Agreement as all receipts from FRANCHISEE's staffing and related services business, including, but not limited to, receipts from the performance of placement, recruiting, and management consulting services, and any other similar staffing, training, human resource, or other business in which FRANCHISEE or MRI or its subsidiaries is presently or subsequently engaged, less only any refunds and split fees paid to any other staffing service and sales and use taxes collected by FRANCHISEE for payment to the relevant taxing authority. "Net Cash-In" also includes all receipts of FRANCHISEE and any affiliate of FRANCHISEE from any such business and any other business in which FRANCHISEE may engage in violation of any obligation contained in this Agreement.

2.6. Payment of fees shall be made on a monthly basis on the 10<sup>th</sup> of the following month, unless otherwise specified from time to time, utilizing the methods and procedures for electronic or other funds transfer and related electronic reporting as MRI may designate from time to time.

2.7. Prior to beginning business under this Agreement, FRANCHISEE shall establish and shall continuously maintain an account for the transfer of fees to MRI. FRANCHISEE shall give its commercial bank instructions in a form provided or approved by MRI and shall obtain the bank's agreement to follow these instructions. FRANCHISEE shall provide MRI with copies of these instructions and agreement. The bank's agreement may not be withdrawn or modified without the prior written approval of MRI, which approval shall be within the business judgment of MRI. FRANCHISEE shall also execute such other forms relating to funds transfer as MRI may request from time to time.

2.8. MRI may require FRANCHISEE's bank to send a monthly statement of all activity in the designated account to MRI's controller at the same time as it sends these statements to FRANCHISEE, and such other reports of the activity in the designated account as MRI may reasonably determine.

2.9. FRANCHISEE shall deposit all receipts of the FRANCHISEE's business in the designated account.

2.10. If FRANCHISEE maintains any other accounts of any type for FRANCHISEE's business, FRANCHISEE shall identify these accounts to MRI and provide to MRI copies of the monthly statements for all such accounts and the details of all deposits to them.

2.11. The procedures established by MRI shall include a method for repayment or credit to FRANCHISEE of any overpayment of fees, whether resulting from the payment of refunds or split fees, or other causes.

2.12. FRANCHISEE shall pay the charges imposed by FRANCHISEE's bank and MRI shall pay the charges imposed by MRI's bank relating to the funds transfer program.

2.13. Beginning on the 30<sup>th</sup> day after any royalty or marketing and public relations fee payment is due, interest shall accrue on any unpaid balance at the rate of eighteen percent (18%) per year (or such lesser rate as may be the highest rate permitted under applicable law for transactions of this type). In addition, FRANCHISEE shall reimburse MRI for all costs and expenses, including reasonable attorney's fees, incurred in the collection and determination of amounts due hereunder.

2.14. To the extent MRI provides FRANCHISEE with any services or products not covered by this Agreement, MRI may determine the fees to be paid by FRANCHISEE for services or products, subject to the right of FRANCHISEE to choose not to receive them.

2.15. FRANCHISEE authorizes MRI to obtain a credit report on FRANCHISEE at any time during the term of this Agreement, and after its expiration or termination if FRANCHISEE owes money to MRI on the date of expiration or termination.

### 3. OBLIGATIONS OF MRI

3.1. MRI shall advise and/or instruct FRANCHISEE in each of the following during the instruction programs to be provided to FRANCHISEE:

- 3.1.1. Securing of suitable office space;
- 3.1.2. Design and layout of the office;
- 3.1.3. Selection of a telephone system, office furniture, and equipment;
- 3.1.4. Establishment of procedures, general day-to-day operational techniques, and use of the search and recruiting software system;
- 3.1.5. Establishment of marketing and public relations;
- 3.1.6. Establishment of accounting and collection procedures;
- 3.1.7. Training of account executives and project coordinators;
- 3.1.8. Recruiting of candidates;
- 3.1.9. Obtaining job orders and search assignments; and
- 3.1.10. Research support and consultation on FRANCHISEE's initial office specialization.

3.2. MRI shall furnish to FRANCHISEE the following:

- 3.2.1. A source for ordering operating forms and materials on line;
- 3.2.2. MRI's training program materials and manuals;
- 3.2.3. A six week instruction program, New Office Development (NOD) that will familiarize FRANCHISEE with methods, procedures and practices for the operation of a management level and general personnel placement service. The initial weeks of NOD are conducted remotely. The classroom portion of NOD totaling one to two weeks will be conducted in Philadelphia, Pennsylvania, or at another place designated by MRI. You must attend the entire NOD training. The NOD program may be condensed or accelerated if FRANCHISEE has a proven track record of success in the staffing and recruiting business. FRANCHISEE will pay for FRANCHISEE's food, lodging and transportation at all programs not conducted at FRANCHISEE's office.

3.2.4. Continuing advice, guidance, training, and assistance through international, national and regional meetings, seminars, courses, and communication through a variety of modalities.

3.2.5. A computer system consisting of the following:

3.2.5.1. Computer hardware, consisting of one notebook computer with a docking station and external monitor; and one all-in-one scanner/copier/fax/printer;

3.2.5.2. A one-person, one-year usage agreement for an ASP version of recruiting and staffing software;

3.2.5.3. A 6-hour support contract for the notebook computer for the first year.

3.2.6. Staffing and recruiting resources consisting of the following:

3.2.6.1. A one-year subscription to a client and candidate sourcing platform to build an Internet database of candidate and clients records;

3.2.6.2. A one-year website package that is pre-formatted with the MRI logos, designs and branding elements and hosted e-mail;

3.2.6.3. A one-year subscription to one or more job boards selected by MRI;

3.2.6.4. The registration fees for the first Global Conference and for one training event;

3.2.6.5. A one-year a subscription to a video interviewing platform, or a one-year subscription to another sourcing tool; and

3.2.6.6. A system providing for the interchange of candidates and job orders between FRANCHISEE and other MRI offices, subject to the right of any office (including FRANCHISEE's) to refuse to make referrals to or to receive referrals from any other office. FRANCHISEE shall have the right to make and accept referrals from businesses that are not MRI franchisees.

MRI may change vendors or systems if it in its sole discretion, determines that alternate vendors, products or systems are better suited to support the MRINetwork.

3.3. All training materials, operations manuals, DVDs, CDs, training manuals, and documentation [other than third-party software], and other materials, if any, that MRI will provide to FRANCHISEE will be loaned by MRI to FRANCHISEE. All these materials shall remain the property of MRI and shall be returned upon the termination of this Agreement, notwithstanding the payment of any fee by FRANCHISEE to MRI for the use of these materials.

#### 4. OBLIGATIONS OF FRANCHISEE

4.1. FRANCHISEE shall establish an office and commence business under the service marks designated by MRI on or before 180 days more time at home from the date of this Agreement, and shall thereafter continually maintain FRANCHISEE's business operations in conformity with the terms and conditions of this Agreement.

4.2. FRANCHISEE's business activities shall be limited to serving candidates in their search for full-time permanent positions and employers in their search for these candidates. FRANCHISEE shall not engage in any other type of staffing related business unless FRANCHISEE has been granted a franchise or license by MRI or by MRI Contract Staffing, Inc. to engage in such other type of business or MRI has otherwise granted its permission by an amendment to this Agreement or other writing signed by

an authorized officer of MRI. As an example, FRANCHISEE is precluded from engaging in the temporary employment business except through MRI Contract Staffing.

4.3. FRANCHISEE shall lease suitable office space approved by MRI exclusively for the conduct of the MRI business under this Agreement when the growth of the business justifies it.

4.4. FRANCHISEE shall arrange the design and layout of the office to conform to floor plans ~~provided by and/or approved by MRI,~~ and to furnish the office with not less than the minimum quantity and quality of furniture and equipment designated and/or approved by MRI.

4.5~~6~~. All of the forms, stationery, marketing and public relations materials, brochures, and other printed materials used by FRANCHISEE in the conduct of FRANCHISEE's business shall be the standard materials ~~approved~~ ~~designed~~ by MRI. If FRANCHISEE wishes to use any different or additional materials, FRANCHISEE shall first obtain ~~MRI's~~ ~~the~~ written approval ~~of MRI~~. These materials shall conform to the quality, color, format, and appearance previously or subsequently established by MRI. MRI may designate the content, appearance, linking, URL's, domain name, and other aspects of FRANCHISEE's Internet site and other methods of electronic communication. The requirements of this Subsection do not impose any duty upon FRANCHISEE to obtain the approval of the terms of any fee agreement utilized by FRANCHISEE.

4.6~~7~~. FRANCHISEE shall adopt and use methods prescribed by MRI for keeping business books and records and shall make and issue consecutively numbered invoices on a form provided or specified by MRI, for all charges rendered in FRANCHISEE's activities pursuant to this Agreement.

4.7~~8~~. FRANCHISEE shall send MRI an annual statement of income and expenses for each calendar year, in the manner prescribed or approved by MRI, to be received by MRI within thirty days after the end of the calendar year. If FRANCHISEE uses a fiscal year that is other than a calendar year, FRANCHISEE shall also send MRI an annual statement for FRANCHISEE's fiscal year within thirty days after the end of the FRANCHISEE's fiscal year.

4.8~~9~~. FRANCHISEE shall keep FRANCHISEE's office safe, neat, clean and orderly. FRANCHISEE's office shall be open during normal business hours prevailing in the community where located, but not less than thirty-five (35) hours each week (except for holidays observed in FRANCHISEE's community), and FRANCHISEE shall be engaged in the conduct of FRANCHISEE's placement and staffing business and other authorized activities in accordance with the methods set forth in the manuals, DVD's, and instruction programs provided to FRANCHISEE by MRI.

4.9~~10~~. FRANCHISEE shall install and utilize at FRANCHISEE's office an appropriate telephone system. FRANCHISEE shall maintain a telephone number to be used exclusively for the business conducted under this Agreement. The content of any "message on hold" and voicemail scripts and materials used by FRANCHISEE shall be subject to MRI's prior approval.

4.10~~11~~. When the growth of the business requires it, FRANCHISEE shall maintain ~~a~~ ~~an active~~ staff of a size and with qualifications sufficient to expeditiously and properly run the business of each office, and to adequately serve FRANCHISEE's market. Your staff may include full-time, competent account executives, a full-time receptionist/secretary, and a full-time manager (who may be FRANCHISEE).

4.11~~12~~. All persons employed or retained by FRANCHISEE shall be employees or agents of FRANCHISEE and not of MRI. ~~FRANCHISEE shall provide MRI with all information relating to FRANCHISEE's employees as MRI may request.~~ MRI shall have the right, but not the obligation, to approve FRANCHISEE's employees operating from a site outside of FRANCHISEE's office ("remote employees") and to establish the terms, conditions, and methods under which they may do so.

4.12~~13~~. FRANCHISEE shall devote FRANCHISEE's full time and best efforts to promote and advance FRANCHISEE's business under this Agreement, and shall not engage in any activities that might

interfere in any manner, directly or indirectly, with the operation of such business. ~~The INDIVIDUAL FRANCHISEE shall at all times be the full time manager of FRANCHISEE's office.~~

4.13~~14~~. During the initial term of this Agreement and during any subsequent renewals, INDIVIDUAL FRANCHISEE or its designated manager shall attend and complete additional training programs as MRI shall designate. The training program shall not exceed five business days. FRANCHISEE shall not be required to attend any class more frequently than once every five years. Nothing in this subsection shall require MRI to provide such additional or renewal training.

4.14~~15~~. If any action or proceeding is brought against FRANCHISEE relating to FRANCHISEE's business under this Agreement, FRANCHISEE shall immediately provide MRI with copies of all pleadings and papers relating to the action or proceeding. FRANCHISEE shall keep MRI informed about the progress and outcome of these actions or proceedings.

4.15~~16~~. FRANCHISEE shall comply with all laws, rules and regulations of all governing authorities that regulate or pertain to FRANCHISEE's business.

4.16~~17~~. During the term of this Agreement and for a period of six months after the date of termination, MRI shall have the right at any time during normal business hours, and from time to time, to have their representatives enter FRANCHISEE's office without notice for the purpose of inspecting the operation of the franchised business in order to determine FRANCHISEE's compliance with this Agreement and with the standards for use of the Marks, and for any other reasonable purpose connected with the operation of the business. MRI's representatives may inspect, review and audit FRANCHISEE's books, records, materials, and papers relating to FRANCHISEE's business. FRANCHISEE shall provide MRI with copies of all books, papers, records, and materials requested by MRI that relate to FRANCHISEE's business and obligations under this Agreement, including those in electronic form. MRI shall reimburse FRANCHISEE for the reasonable cost of each copy provided.

4.17~~18~~. FRANCHISEE shall install and maintain a computer system that meets MRI's hardware, software, and communications specifications, as modified from time to time. These obligations include the following:

4.17~~18~~.1. FRANCHISEE shall install the computer hardware where necessary and provide all wiring and cabling sufficient for Internet and telephony.

4.17~~18~~.2. FRANCHISEE shall be responsible for all costs and expenses relating to the purchase and installation of any hardware or software or related services that MRI is not obligated to provide pursuant to this Agreement, including all subsequent replacements of, and , modifications and enhancements to FRANCHISEE's hardware and software; and

4.17~~18~~.3. FRANCHISEE shall be responsible for all costs and expenses related to software support that MRI is not obligated to provide pursuant to this Agreement, and for all costs and expenses related to hardware service, beyond the warranties provided by the manufacturers. FRANCHISEE acknowledges that MRI does not provide hardware or software support and that MRI has no responsibility for the operation of the hardware or software.

## 5. MINIMUM ROYALTY

5.1. FRANCHISEE's minimum royalty fee payment obligation for the calendar year \_\_\_\_\_, which is the third full calendar year after the Effective Date of this Agreement, and each succeeding calendar year, is determined by multiplying the sum of Twelve Thousand Dollars (\$12,000.00) by a fraction, the numerator of which is the Consumer Price Index for the calendar month of November of the prior year, and the denominator which is the Consumer Price Index of November 2009, which is 216.3. The resulting amount will be rounded down to the nearest \$100. If the amount payable by FRANCHISEE pursuant to Subsection 2.2.1 during a calendar year is less than the minimum royalty

fee payment required by this Subsection, FRANCHISEE shall pay the difference to MRI by the method as MRI determines within the specified time period during the following calendar year. Failure to pay the difference is a default of this Agreement.

5.2. As used in this Section, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. city average, without seasonal adjustments, for all items, 1982-1984=100, as published by the Bureau of Labor Statistics, United States Department of Labor. In the event of a change in the base year of the Consumer Price Index, the numerator and denominator shall both be expressed in terms of the new base year. If the method of calculating the Consumer Price Index is substantially changed, or if the present Consumer Price Index is discontinued, MRI shall use that index computed on a comparable basis that the Bureau of Labor Statistics makes available for use in connection with numerous outstanding labor contracts. Should the Bureau of Labor Statistics or any successor agency discontinue the publication of the Consumer Price Index or publish the same less frequently or alter the same in some other manner, MRI shall adopt a substitute index or procedure that reasonably reflects and monitors consumer prices and that is as similar as reasonably possible to the Consumer Price Index.

5.3. MRI will inform FRANCHISEE after March 1<sup>st</sup> of each calendar year, or as soon thereafter as reasonably practicable, of the amount of minimum royalty fee payment for the calendar year. MRI may provide this information to FRANCHISEE by including it in a general mailing or electronic transmission addressed to all or a selected group of franchisees that includes FRANCHISEE or by posting it on MRI's Intranet. The method of delivery need not comply with the methods stated in Section 18. MRI's failure to provide FRANCHISEE with this information will not affect FRANCHISEE's obligations under this Section, since FRANCHISEE may obtain the CPI information from the Bureau of Labor Standard's publications and website.

## 6. FINANCIAL INFORMATION

6.1. If this Agreement has been assigned to a corporation, a limited liability company, or a partnership, FRANCHISEE shall submit to MRI a copy of the corporation's, company's, or partnership's Federal income tax return within thirty days of its filing.

6.2. If requested by MRI and FRANCHISEE's business is operated as a sole proprietorship or joint venture, FRANCHISEE shall send to MRI a copy of those portions of FRANCHISEE's Federal income tax return that relate to FRANCHISEE's operation of the business under this Agreement within thirty days after the filing of the return.

6.3. FRANCHISEE shall provide MRI with copies of other portions of FRANCHISEE's Federal income tax returns only if such portions are requested and are relevant to FRANCHISEE's obligations under this Agreement in which case, FRANCHISEE shall provide copies to MRI within thirty days of receipt of a request. MRI shall utilize such portions with appropriate concern for the interests of FRANCHISEE.

6.4. FRANCHISEE shall provide MRI with annual reports. The annual reports referred to above shall include a balance sheet dated as of the end of FRANCHISEE's fiscal year or calendar year and a profit and a loss statement for the year, together with whatever additional financial information MRI may reasonably request. FRANCHISEE's balance sheet and profit and loss statement shall be prepared in accordance with generally accepted accounting principles. MRI has the absolute right to require that the annual report, or any part of it, be reported on and reviewed by an independent state-licensed certified public accountant at the FRANCHISEE's expense. If FRANCHISEE fails to provide MRI with a balance sheet, profit and loss statement and any additional financial information as required by this Section, MRI shall have the right to have an independent audit made of FRANCHISEE's books and records, and FRANCHISEE shall promptly reimburse MRI for the cost of the audit.

6.5 Each of the reports referred to in this Section shall be completed by FRANCHISEE or his accountant in accordance with the instructions contained in the Accounting Manual.

6.6. FRANCHISEE shall keep and maintain accurate and complete books and records reflecting all of its business affairs and transactions in accordance with generally accepted accounting principles and in accordance with any procedures set forth in the Accounting Manual. The books and records shall include properly identified sales journal, general ledger, profit and loss statements, balance sheets, bank statements with cancelled check copies, and deposit advises, corporate books and records, including, but not limited to, minute books and stock certificate books, state sales tax returns, payroll tax returns, federal income tax returns and retailer's occupation tax returns or similar returns required to be filed by the state in which the Location is located. Upon MRI's request, FRANCHISEE shall provide MRI with copies of these books and records, including copies in electronic form, to enable MRI to confirm FRANCHISEE's compliance with this Agreement. FRANCHISEE shall maintain complete records of all cash in for a period of not less than five years after the close of the year to which these records relate.

6.7. Upon the request of MRI, FRANCHISEE shall have FRANCHISEE's books and records audited by a certified public accountant acceptable to MRI. The audit shall be initiated within thirty days after the request, and shall be completed and the audit report provided to MRI within sixty days following initiation. Within five days after notice, FRANCHISEE shall pay to MRI the royalties marketing and public relations fees due on any understated amount. If the audit does not disclose an understatement of Net Cash-In in excess of five percent (5%) of the total reported to MRI for any 12-month period prior to the commencement of the audit, then all fees and expenses charged by the certified public accountant shall be paid by MRI. If the audit discloses an understatement of Net Cash-In in excess of five percent (5%) of the total reported to MRI for any 12-month period prior to the commencement of the audit, then, within five (5) days after notice, FRANCHISEE shall pay the fees and expenses charged by the certified public accountant. If FRANCHISEE establishes to the reasonable satisfaction of MRI that the understatement was the result of clerical error or inadvertence, each of the parties shall bear one-half (1/2) of the fees and expenses.

## 7. INSURANCE

7.1. FRANCHISEE shall acquire and maintain, throughout the term of this Agreement, and at its own expense, insurance with one or more insurance companies with at least an A.M. Best's rating of "A minus VIII", which insurance shall:

7.1.1. be acceptable to MRI; and

7.1.2 name MRI, as an additional insured, except as those policies in which only an employer may be named as an insured.

7.2. The insurance coverage must include the following:

7.2.1. COMMERCIAL GENERAL LIABILITY including bodily injury and property damage liability for premises and operations, contractual liability, personal injury liability and, if applicable, stop gap coverage in the amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate.

7.2.2. BUSINESS AUTOMOBILE LIABILITY including bodily injury and property damage liability for owned, leased, non-owned and hired autos in the amount of \$1,000,000 each accident.

7.2.3. ~~WORKER'S~~ WORKER'S COMPENSATION with the statutory minimum limits set by applicable law and EMPLOYER'S LIABILITY in the amount of \$500,000 or statutory minimum limits, whichever is greater.

7.2.4. PROPERTY including “all-risk” coverage on all real and personal property owned, leased or rented by FRANCHISEE as well as business income and extra expense coverage. This insurance shall be written for the replacement cost of FRANCHISEE’s real and personal property and on an actual loss sustained basis for the business income and extra expense.

7.2.5. ERRORS AND OMISSIONS in the amount of \$1,000,000 per claim and annual aggregate. Personal Injury Liability coverage may be added to this policy instead of including it under the COMMERCIAL GENERAL LIABILITY policy.

7.2.6. EMPLOYMENT PRACTICES LIABILITY in the amount of \$1,000,000 per claim and annual aggregate. This insurance may be purchased as part of the ERRORS AND OMISSIONS INSURANCE policy provided that separate limits are provided for each of the two coverages or provided that the policy limits on the combined policy equal the combined total of the limits for Sections 7.2.5. and 7.2.6.

7.2.7. COMMERCIAL BLANKET EMPLOYEE DISHONESTY BOND, including coverage for any ERISA plans in the amount of \$100,000 or 10% of the ERISA plan assets, whichever is greater.

7.2.8. LICENSE BOND, if required by applicable law.

7.2.9. UNEMPLOYMENT COMPENSATION with the statutory minimum limits set by applicable law.

7.2.10. Any and all other types and limits of insurance that may be required, from time to time, by MRI or applicable law.

7.3. The insurance policies shall:

7.3.1. Contain no provision that in any way limits or reduces coverage for the FRANCHISEE below the aggregate limits provided in the policy in the event of a claim by any one or more of the Indemnitees;

7.3.2. Waive any rights of recovery the insurance companies may have against MRI;

7.3.3. Be primary to and without right of contribution from any other insurance purchased by or on behalf of MRI;

7.3.4. Be in an amount and form and with a carrier or carriers satisfactory to MRI, but, in no event, in amounts less than stated above, nor shall this insurance have a deductible or self-insured retention in excess of \$10,000.00; and

7.3.5. Provide by endorsement that MRI is entitled to receive at least thirty days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy.

7.4. FRANCHISEE shall not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these policies without MRI's prior written consent.

7.5. As proof of this required insurance, a certificate of insurance or a copy of the insurance policy shall be submitted by FRANCHISEE for MRI's approval prior to FRANCHISEE's commencement of activities under this Agreement, and similar copies shall be provided for each renewal or replacement policy prior to the renewal or replacement inception date. FRANCHISEE shall deliver a complete copy of FRANCHISEE's then effective policy or policies of insurance within ten days following a request by MRI for copies.

7.6. MRI may, in the exercise of its business judgment, from time to time increase the required minimum limits of coverage and/or require FRANCHISEE to maintain additional types of insurance.

7.7. If FRANCHISEE fails to obtain or maintain any required insurance for the benefit of MRI. MRI may obtain insurance for itself and, and FRANCHISEE shall reimburse MRI for the cost of such insurance within thirty calendar days after FRANCHISEE receives an invoice for insurance from MRI.

## 8. PROPRIETARY MARKS

8.1. "Proprietary Marks" means all trade names, trademarks, service marks and slogans licensed to FRANCHISEE under this agreement and all current and future trade names, trademarks, service marks, logos, symbols and slogans in which MRI has an interest or which MRI may permit FRANCHISEE to use, including, without limitation, the Exclusive Marks and the Non-exclusive Marks.

8.2. With respect to FRANCHISEE's licensed use of the Proprietary Marks pursuant to this Agreement, FRANCHISEE agrees that:

8.2.1. FRANCHISEE shall use only the Proprietary Marks designated by MRI, and shall use them only in the manner authorized and permitted by MRI.

8.2.2. FRANCHISEE shall use the Proprietary Marks only for the operation of the franchised business and only in connection with the office at the Location.

8.2.3. FRANCHISEE's right to use the Proprietary Marks is limited to those uses that are authorized under this Agreement, and any unauthorized use shall constitute an infringement of MRI's rights.

8.2.4. FRANCHISEE shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of MRI.

8.2.5. FRANCHISEE shall not register or attempt to register any of the Proprietary Marks in FRANCHISEE's own name or that of any other person, firm or corporation, except for requisite trade name or fictitious name registrations or corporate names approved by MRI.

8.2.6. FRANCHISEE shall comply with MRI's instructions in filing and maintaining any requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by MRI or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

8.2.7. If FRANCHISEE secures in any jurisdiction any rights whatever to any Proprietary Mark, FRANCHISEE shall immediately notify MRI and, upon written request, shall immediately assign all of FRANCHISEE's right, title and interest to MRI.

8.2.8. FRANCHISEE shall not use any Proprietary Mark in connection with any statement or material that may, in the business judgment of MRI, be in bad taste or inconsistent with MRI's public image, or tend to bring disparagement, ridicule or scorn upon MRI, any of Proprietary Marks, or the goodwill associated with the Proprietary Marks.

8.3. With respect to actual or potential litigation concerning the Proprietary Marks:

8.3.1. FRANCHISEE shall promptly notify MRI of any unauthorized use of the Proprietary Marks or marks confusingly similar thereto as well as any challenge to the Proprietary Marks. FRANCHISEE acknowledges that MRI has the sole right to direct and control any administrative proceeding or litigation involving the ownership or validity of the Proprietary Marks, including any settlement thereof. MRI has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

8.3.2. Provided FRANCHISEE has used the Proprietary Marks in accordance with this Agreement, MRI will defend FRANCHISEE at its expense against any third party claim, action, or demand involving the ownership or validity of the Proprietary Marks arising out of

FRANCHISEE's use. If FRANCHISEE has not used the Proprietary Marks in accordance with this Agreement, MRI will not defend FRANCHISEE against third party claims, actions, or demands.

8.3.3. If MRI undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, FRANCHISEE agrees to execute any and all documents and to do those acts and things as may, in the opinion of counsel for MRI, be necessary to carry out a defense or prosecution, including but not limited to, becoming a nominal party to any legal action. Except to the extent that any litigation is the result of FRANCHISEE's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, MRI agrees to reimburse FRANCHISEE for its out of pocket costs in doing those acts and things, except that FRANCHISEE shall bear the salary costs of its employees, and MRI shall bear the costs of any judgment or settlement.

8.4. FRANCHISEE expressly understands and acknowledges that:

8.4.1. MRI is the owner of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

8.4.2. The Proprietary Marks are valid and serve to identify MRI's system and those who are authorized to operate under the system.

8.4.3. FRANCHISEE shall not directly or indirectly contest the validity or MRI's ownership of the Proprietary Marks or MRI's license to use the Proprietary Marks.

8.4.4. FRANCHISEE's use of the Proprietary Marks licensed under this Agreement does not give FRANCHISEE any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

8.4.5. MRI's use and licensing of the names and service marks "Sales Consultants" and "SC" and "MRI Network" and "MRI" to third parties, and the acts of those named or other named offices or franchisees (including any subsidiaries or affiliates of MRI or of those franchisees) are not and shall not be breaches of this Agreement.

8.4.6. Any and all goodwill arising from FRANCHISEE's use of the Proprietary Marks in its franchised operation under the system shall inure solely and exclusively to MRI's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE's use of the system or the Proprietary Marks.

8.4.7. The right and license of the Proprietary Marks granted hereunder to FRANCHISEE is non-exclusive, and MRI has and retains these rights, among others:

8.4.7.1. To use the Proprietary Marks itself in connection with selling products and services;

8.4.7.2. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees;

8.4.7.3. To grant other rights in, to, and under the Proprietary Marks in addition to those rights already granted, and to develop, acquire, and grant rights in other names and marks on any terms and conditions that MRI deems appropriate, including, without limitation, the name and service marks "MRI," "MRINetwork," and "Sales Consultants" and "SC" and any private brand name for the operation of offices at the Location and outside the Location; and

8.4.7.4. To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to FRANCHISEE.

8.5. FRANCHISEE shall sign any certificate, consent, release or other instrument that may be necessary or desirable for MRI or any of its franchisees to utilize the Proprietary Marks, or any other name, trademark, service mark, symbol or slogan furnished or approved by MRI (including incorporation of the Marks in the names of their business organizations) for the operation of FRANCHISEE's business.

8.6. FRANCHISEE's domain names, URL's and electronic addresses shall be subject to MRI's approval and control if they contain or are used in connection with the MRI Marks.

## 9. TRANSFERABILITY OF LICENSE

9.1. The license granted herein is personal to INDIVIDUAL FRANCHISEE. Neither FRANCHISEE's interest in this Agreement, FRANCHISEE's business, including stock or assets, nor any of FRANCHISEE's rights or privileges herein shall be sold, assigned, transferred, sublicensed, shared or divided by FRANCHISEE, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise in any manner, except upon prior written approval of MRI obtained in accordance with the requirements of this Section. FRANCHISEE has no right to sell or otherwise transfer any interest in this Agreement that is not made in conjunction with the sale or transfer of FRANCHISEE's staffing and recruiting business.

9.2. If FRANCHISEE desires to sell or transfer all or any portion of FRANCHISEE's rights under this Agreement, or of FRANCHISEE's business, or of any interest in the corporation, company, or partnership to which this Agreement has been transferred, FRANCHISEE shall have a right of sale or transfer only to a purchaser who will operate a Management Recruiters business at FRANCHISEE's Location. FRANCHISEE shall first obtain a bona fide written offer from a third party. The offer shall specifically recite the price and all other terms and conditions of the proposed transaction, and a duplicate original of the offer shall be provided by FRANCHISEE in writing to MRI. For a period of fourteen days following its receipt of the offer, MRI shall have an option to purchase the business and franchise rights offered upon the exact terms, conditions, and price (less any amount that would otherwise be payable as and by way of commission or finder's fee to a broker or like representative) contained in the offer submitted by FRANCHISEE; provided, however, that this option shall not apply to a proposed sale or transfer to INDIVIDUAL FRANCHISEE's spouse and/or adult children.

9.3. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, MRI may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, MRI shall submit to FRANCHISEE, in writing, the names of three qualified independent appraisers. Within ten (10) days of the date of notification, FRANCHISEE shall deliver to MRI, in writing, FRANCHISEE's designation of one of the three appraisers to make the determination. If FRANCHISEE fails to designate an appraiser within the ten day period, then MRI shall designate an appraiser from the list. If FRANCHISEE is dissatisfied with all of the listed appraisers and notifies MRI within the ten day period, FRANCHISEE shall select and pay for one and MRI shall select and pay for one, and the two appraisers chosen shall select a third appraiser. The decision of the sole appraiser, if there is a single appraiser, or a majority of the appraisers chosen, if there are multiple appraisers shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

9.4. If MRI does not exercise its option in writing, FRANCHISEE may, within six months following the expiration of MRI's option and upon prior written approval of MRI, sell or transfer FRANCHISEE's business or interest, or portion, to the third party whose offer was submitted to MRI, but only upon the exact terms, conditions, and price set forth in the offer.

9.5. Written approval of the proposed transferee by MRI may be conditioned upon the following:

9.5.1. A personal interview with the proposed transferee at MRI's principal office but without expense to MRI;

9.5.2. The proposed transferee's demonstrating to MRI's satisfaction that the proposed transferee meets the criteria considered by MRI when reviewing a prospective franchisee's application for a franchise, including MRI's educational, managerial and business standards; that the proposed transferee possesses a good moral character, business reputation and credit rating; that the proposed transferee has the aptitude and ability to conduct the business franchised in this Agreement (as evidenced by prior related business experience or otherwise); that the proposed transferee has adequate financial resources and capital to operate the business and that the proposed transferee is a natural person;

9.5.3. The proposed transferee's paying for and attending the next scheduled MRI's instruction program for new licensees next following MRI's approval of the transaction, and during the instruction program, the proposed transferee shall pay for the proposed transferee's own food, lodging and transportation;

9.5.4. Execution by the proposed transferee of the most recent franchise agreement then in use by MRI as if the proposed transferee were originally purchasing a franchise from MRI;

9.5.5. The payment to MRI by seller and/or the proposed transferee in the manner as they may agree between themselves, for the receipt by the proposed transferee of the materials, supplies, equipment, services, and instruction as MRI shall determine is appropriate, upon consideration of the prior experience of the proposed transferee in the staffing service business, the needs of the transferee, and the comparable materials, supplies, equipment, services, and instruction that are provided to persons who purchase a franchise directly from MRI;

9.5.6. The payment of marketing fees and expenses, including [locating the buyer](#), referral fees and expenses, as may be agreed upon between the seller and MRI;

9.5.7. All of FRANCHISEE's accrued monetary obligations and all other outstanding obligations to MRI, its subsidiaries and its affiliates shall have been satisfied;

9.5.8. FRANCHISEE is not in default of any provisions of this Agreement, any amendment to this Agreement, or any other agreement between FRANCHISEE and MRI, or its subsidiaries and affiliates;

9.5.9. FRANCHISEE's executing a general release, in a form satisfactory to MRI, of any and all claims against MRI its subsidiaries, affiliates, successors and assigns, and their respective officers, directors, shareholders, partners, agents, representatives, servants, and employees, in their corporate and individual capacities, including without limitation, claims arising under this Agreement and federal, state, and local laws, rules and ordinances; and

9.6. In addition, MRI may consider whether the proposed terms of sale or other factors involved in the transaction will materially reduce the potential ability of the proposed transferee to be successful. MRI is under no duty to anyone to consider these factors, and the approval of a proposed purchase by MRI shall not be considered an expression of opinion by MRI of the appropriateness or fairness of the terms of the sale or of the likelihood of the success of the proposed transferee.

9.7. MRI has the absolute right to require the sale of a portion of FRANCHISEE's franchise rights to be structured as a direct franchise between MRI and the purchaser, and not as a subfranchise or other arrangement between FRANCHISEE and the purchaser.

9.8. If a sale and assignment is finalized, MRI is entitled to receive the transfer fee provided for in Subsection 9.9. The assignment is not effective unless and until the franchise agreement by and

between MRI and the purchaser has been executed and delivered, all monies then due and owing to MRI by FRANCHISEE including the transfer fee required under Subsection 9.9. has been paid to MRI, all defaults of FRANCHISEE under this Agreement have been cured, and FRANCHISEE has executed a general release of all claims against MRI arising out of or related to this Agreement and the operations and performance of each of them under it.

9.9. Upon the sale, assignment or transfer of FRANCHISEE's business and/or franchise, in whole or in part, including any interest in the corporation, company, or partnership that owns or manages the franchised business or any of the assets of the business, to a third party or otherwise, FRANCHISEE shall pay to MRI a fee equal to a percentage of the total sales price received determined on the basis of the following table:

Description of Transaction	Applicable percentage
If the purchaser is a parent, spouse, or child of the Individual Franchisee	One percent (1%)
If the purchaser is not a member of the Individual Franchisee's immediate family, but the purchaser has been employed as a manager, account executive, or project coordinator by an MRI franchised or company office for at least two years prior to the date of the purchase agreement	Three percent (3%)
For all other transactions	Five percent (5%)

“Total sales price” means all consideration of any nature or kind paid or payable to FRANCHISEE or any other person in connection with or arising out of the assignment or transfer of this license or any interest in FRANCHISEE’s business, whether money, property or other thing or service of value, including, but not limited to, consideration received for FRANCHISEE's business, rights under this Agreement, contracts, goodwill, equipment, furniture, files and records, accounts receivable, any consulting or other fees or arrangement, or compensation for restrictions on the seller's right to engage in competitive activities. The total sales price includes any interest payable by the buyer. When any portion of the sales price is paid in installments or on any other deferred basis, FRANCHISEE shall pay the applicable percentage of each portion of the total purchase price within ten business days after the receipt of the portion. FRANCHISEE, at MRI’s request, shall provide for payment by the buyer directly to MRI, provided that this arrangement will not relieve the FRANCHISEE from the primary obligation of payment. If any portion of the sale price is other than cash and if the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, the cash equivalent of the non-cash part shall be determined by the process set forth in Subsection 9.3.

9.10. In the event of the death or permanent disability of the INDIVIDUAL FRANCHISEE, the interest of the INDIVIDUAL FRANCHISEE under this Agreement and the INDIVIDUAL FRANCHISEE's stock in the corporation or company or partnership interest, if any, may be transferred to the INDIVIDUAL FRANCHISEE's surviving spouse or adult child or children, subject to transferee’s complying with the requirements of Subsection 9.5.3. MRI may also require the transferee to comply with Subsection 9.5.4., provided that any new franchise agreement shall not contain any higher rate of royalty or marketing and public relations fees than are stated in this Agreement. No transfer fee will be charged.

9.11. The license and franchise rights granted by this Agreement are personal to FRANCHISEE. The only methods of sale, transfer, or assignment of the license and franchise rights are those contained in Sections 9 and 10. Whether or not an assignment or transfer of FRANCHISEE's license is involved, FRANCHISEE, whether an individual or otherwise, shall not change the business form or entity, either to obtain the services of a partner or to accomplish any other change, without the prior written consent of MRI.

9.12. FRANCHISEE shall not permit, create, incur, assume or suffer to exist any mortgage, lien, charge or encumbrance of any kind on, or pledge or assign any interest whatsoever in and to this license, or to any stock of the corporation or any ownership interest of the partnership to which this license has been transferred other than to MRI, without the prior written consent of MRI.

9.13. FRANCHISEE may only sell, assign or transfer all of FRANCHISEE's rights under this Agreement.

9.14. If this Agreement is terminated pursuant to a sale by FRANCHISEE of FRANCHISEE's rights under this Agreement and if FRANCHISEE engages in the staffing or a related business at any time within two years after the termination of this Agreement, FRANCHISEE will pay to MRI a fee equal to the royalty fees provided for in Section 2 during the two year period after termination of this Agreement. If the expiration date of this Agreement is less than two years after the termination of this Agreement, FRANCHISEE's obligation for payment shall only be for the period ending with the expiration date. The payments will be made in the manner provided by Section 2 and will be accompanied by the reports required of FRANCHISEE during the term of this Agreement. MRI's rights of inspection and audit will continue during this period and for an additional three months. This payment will not be required in the following circumstances:

9.14.1. If FRANCHISEE's activity consists only of the ownership of less than one percent of the stock of a publicly traded company; or

9.14.2. If FRANCHISEE's Net Cash-In during each of the two calendar years prior to the sale was less than FRANCHISEE's minimum royalty for those calendar years.

## 10. CHANGE OF BUSINESS ENTITY

10.1. INDIVIDUAL FRANCHISEE, upon prior written consent of MRI, may transfer FRANCHISEE's license to a corporation provided that:

10.1.1. the corporation is newly organized and duly incorporated;

10.1.2. INDIVIDUAL FRANCHISEE is the owner of and shall always retain not less than fifty-one percent (51%) of all the issued and outstanding capital stock of the corporation;

10.1.3. INDIVIDUAL FRANCHISEE is and shall agree to remain the principal operating officer of the corporation;

10.1.4. the activities of the corporation are and shall be confined exclusively to the business under this Agreement;

10.1.5. the corporation's stock shall be owned only by the INDIVIDUAL FRANCHISEE and by the other shareholders whose ownership shall have received the prior written consent of MRI;

10.1.6. the corporation and all of its officers, directors, and holders of ten percent (10%) or more of the corporation's stock shall agree in writing satisfactory to MRI, to assume all of INDIVIDUAL FRANCHISEE's obligations under this Agreement, and agree to be personally bound by all of the terms, conditions and covenants of this Agreement as if they had been parties to it at its inception, and all shareholders of the corporation shall agree in writing that they shall not sell, assign or transfer any of their shares in the corporation to any person other than to other shareholders of the corporation without the prior written consent of MRI; and the corporation shall agree that similar agreements will be required of all future officers, directors, and holders of ten percent (10%) or more of the corporation's stock;

10.1.7. all monies due or owed to MRI by INDIVIDUAL FRANCHISEE up to and including the last day of the month preceding the transfer are paid in full on or before the date the transfer is approved by MRI and all defaults of this Agreement by FRANCHISEE, if any, are cured; and

10.1.8. all stock certificates of the corporation shall be conspicuously endorsed that this stock cannot be sold, assigned, pledged, mortgaged, transferred or increased, by operation of law or otherwise, without the prior written consent of MRI.

10.2. INDIVIDUAL FRANCHISEE, upon prior written consent of MRI, may transfer FRANCHISEE's license to a partnership provided that:

10.2.1. the partnership is newly organized;

10.2.2. INDIVIDUAL FRANCHISEE is the owner of and shall always retain more than one-half of the controlling interest of the partnership;

10.2.3. INDIVIDUAL FRANCHISEE is and shall agree to remain the managing partner of the partnership;

10.2.4. the activities of the partnership are and shall be confined exclusively to the business under this Agreement;

10.2.5. no person shall be a partner without having received the prior written consent of MRI to become a partner;

10.2.6. the partnership and all partners shall agree in writing satisfactory to MRI to assume all of INDIVIDUAL FRANCHISEE's obligations under this Agreement, to be personally bound by all of the terms, conditions and covenants of this Agreement as if they had been parties to it at its inception, and that no interest in the partnership shall be sold, assigned, or transferred to any person other than to other partners without the prior written consent of MRI; and partnership shall agree that similar agreements will be required of all future partners; and

10.2.7. all monies due or owed to MRI by INDIVIDUAL FRANCHISEE up to and including the last day of the month preceding the transfer are paid in full on or before the date the transfer is approved by MRI and all defaults of this Agreement by FRANCHISEE, if any, are cured.

10.3. INDIVIDUAL FRANCHISEE, upon prior written consent of MRI, may transfer FRANCHISEE's license to a limited liability company provided that:

10.3.1. the company is newly organized;

10.3.2. INDIVIDUAL FRANCHISEE is the owner of and shall always retain more than one-half of the controlling and ownership interests of the company;

10.3.3. INDIVIDUAL FRANCHISEE is and shall agree to remain the principal manager of the company;

10.3.4. the activities of the company are and shall be confined exclusively to the business under this Agreement;

10.3.5. no person shall be a member of the company without having received the prior written consent of MRI to become a member;

10.3.6. the company and all members and managers shall agree in writing satisfactory to MRI to assume all of INDIVIDUAL FRANCHISEE's obligations under this Agreement, to be personally bound by all of the terms, conditions and covenants of this Agreement as if they had been parties to it at its inception, and that no interest in the company shall be sold, assigned, or

transferred to any person other than to other members without the prior written consent of MRI; and the company shall agree that similar agreements will be required of all future members and managers; and

10.3.7. all monies due or owed to MRI by INDIVIDUAL FRANCHISEE up to and including the last day of the month preceding the transfer are paid in full on or before the date the transfer is approved by MRI and all defaults of this Agreement by FRANCHISEE, if any, are cured.

## 11. RESTRICTIVE COVENANT

### 11.1. During the term of the Agreement.

11.1.1. During the term of this Agreement, FRANCHISEE and FRANCHISEE's spouse and any corporation, partnership or other entity with which FRANCHISEE or FRANCHISEE's spouse is affiliated shall not, directly or indirectly, engage in, have a financial interest in, license its Private Brand to, or be associated in any manner with, any business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged, specifically including, but not limited to, serving as or becoming a principal, agent, director, stockholder, officer, investor, lender, landlord, manager, trustee, representative, employee, account executive, counselor, consultant, trainer, or field operations person for the competing business. Nothing contained in this section shall preclude these individuals and companies from holding any such status with MRI or as a franchisee of MRI.

11.1.2. During the term of this Agreement, FRANCHISEE shall not, directly or indirectly, for itself or on behalf of any other person or entity, entice, recruit, employ, try to employ any of MRI's employees, or MRI's affiliates' employees, or enter into any contract with any of MRI's or any of MRI's affiliates' employees to work in *any* business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged, without MRI's prior written permission. The permission, if granted, will be contingent upon payment to MRI of a fee equal to Twenty-Five (25%) of that employee's most recent total annual compensation. This is not a penalty, but represents MRI's reasonable costs to recruit, hire and train a replacement employee. If FRANCHISEE violates this provision, MRI may resort to any legal remedy available in law or equity, including damages and/or injunctive relief.

### 11.2. After Termination of the Agreement.

11.2.1. If FRANCHISEE terminates this Agreement before its expiry date for *any* reason, FRANCHISEE and FRANCHISEE's spouse and any corporation, partnership or other entity with which FRANCHISEE or FRANCHISEE's spouse is affiliated shall not, before the expiry date, directly or indirectly, engage in, have a financial interest in, license its Private Brand, if any, to, or be associated in any manner with, any business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged, specifically including, but not limited to, serving as or becoming a principal, agent, director, stockholder, officer, investor, manager, trustee, representative, employee, account executive, counselor, consultant, trainer, or field operations person for the competing business. This provision does not apply to FRANCHISEE if it exercises its buyout option in Section 12.9. Nothing contained in this section shall preclude any such person from holding any such status with MRI or as a franchisee of MRI.

11.2.2. For a period of one year after termination of this Agreement for *any* reason, including expiration, on behalf of itself or for any other person or entity, FRANCHISEE shall not, directly or indirectly for itself or on behalf of any other person or entity, entice, recruit, employ, to try to employ any person who is MRI's employee, or MRI's affiliate's employee, or enter into any contract

with any person who is MRI's or any of MRI's affiliates' employees to work in any business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged without MRI's prior written permission. The permission, if granted, will be contingent upon payment to MRI of a fee equal to Twenty-Five (25%) of that employee's most recent total annual compensation. This is not a penalty, but represents MRI's reasonable costs to recruit, hire and train a replacement employee. If FRANCHISEE violates this provision, MRI may resort to any legal remedy available in law or equity, including damages and/or injunctive relief.

11.3. FRANCHISEE agrees that the issuance of an injunction enjoining any violation of the terms of this Section 11 is appropriate and proper relief for any violation.

## 12. TERM; RENEWAL AND TERMINATION

12.1. FRANCHISEE, in FRANCHISEE's sole, unfettered judgment, shall choose the initial term of this Agreement by completing the blank space provided for in Subsection 12.2., with a number that is not less than ten nor more than twenty, and initialing the choice in the margin.

12.2. The initial term of this agreement shall end on the last day of the month that is \_\_\_\_\_ years after the date of this Agreement.

\_\_\_\_\_  
FRANCHISEE(S)  
INITIALS

12.3. FRANCHISEE may, at FRANCHISEE's option, renew this Agreement for an unlimited number of additional consecutive terms of five years each, subject to the procedures described in Subsection 12.8 and subject to the following conditions that must be met prior to renewal:

12.3.1. FRANCHISEE must be in full compliance with all of provisions of this Agreement, including any amendments, and any other agreement between FRANCHISEE and MRI or its subsidiaries and affiliates; and FRANCHISEE shall have substantially complied with all the terms and conditions of these agreements during their terms;

12.3.2. FRANCHISEE shall have satisfied all monetary obligations owed by FRANCHISEE to MRI and its subsidiaries and affiliates and shall have timely met those obligations throughout the term of this Agreement;

12.3.3. FRANCHISEE shall execute a renewal amendment that will conform this Agreement to the then current form of franchise agreement, including, without limitation, a higher royalty fee and a higher marketing and public relations fee. However, no initial franchise fee or renewal fee shall be required from FRANCHISEE and no additional services or products shall be required from MRI;

12.3.4. the amendment will include a general release, in a form satisfactory to MRI, of any and all claims against MRI its subsidiaries, affiliates, successors and assigns and their respective officers, directors, shareholders, partners, agents, representatives, and employees, in their corporate and individual capacities, including without limitation, claims arising under this Agreement and federal, state, and local laws, rules and ordinances;

12.3.5. FRANCHISEE shall comply with MRI's then current training requirements; and

12.3.6. FRANCHISEE shall upgrade FRANCHISEE's operations to comply with MRI's then current standards and methods.

12.4. Upon the occurrence of any of the following events of default, MRI shall have the right to terminate this Agreement and the license granted herein:

12.4.1. The failure of FRANCHISEE to attend the entire instruction program for new franchisees, next following the date of this Agreement;

12.4.2. The failure to commence business as provided in Subsection 4.1;

12.4.3. The abandonment of the franchised business or the franchise relationship, or the failure to conduct business for any period of thirty consecutive days without the prior written approval of MRI;

12.4.4. The failure to submit any report or copy of invoice required by this Agreement within fourteen days following the date when any report or was due;

12.4.5. The failure to pay in full any payment owed to MRI within fourteen days following the date when payment is due;

12.4.6. The submission of a report that understates Net Cash-In by five percent (5%) or more of the total reported, unless FRANCHISEE establishes to the reasonable satisfaction of MRI that the understatement was the result of clerical error or inadvertence;

12.4.7. A violation by FRANCHISEE of Subsection 9.12. or Section 11;

12.4.8. FRANCHISEE relocates its office from the Location without MRI's prior written approval;

12.4.9. The material breach by FRANCHISEE of any other obligation established by this Agreement or of any other agreement between FRANCHISEE and MRI or its subsidiaries, if such other agreement is related to this Franchise Agreement;

12.4.10. The conviction of FRANCHISEE of any felony or a crime involving moral turpitude;

12.4.11. Any conduct by FRANCHISEE that constitutes an unfair trade or business practice under any applicable law or that is injurious to MRI's Proprietary Marks or the goodwill of the MRI system or any violation of MRI's then-current Branding requirements; or

12.4.12. The termination for cause of any other Franchise Agreement with MRI or its subsidiaries.

12.5. MRI may terminate this Agreement upon thirty days written notice to FRANCHISEE in the event of a default pursuant to Subsection [12.4.1](#), 12.4.2, 12.4.4, 12.4.5, 12.4.8 or 12.4.9 or a default pursuant to Subsection 12.4.11 that MRI reasonably determines is curable, unless the default is cured within the thirty day period. In the event of a default as specified in Subsection 12.4.1. MRI may give written notice to FRANCHISEE to cure the default by the end of the next such training program, and if the default has not been cured, MRI may terminate this Agreement as of the date of written notice to FRANCHISEE. In the event of a default as specified in Subsection 12.4.3, 12.4.6, 12.4.7, 12.4.10, or 12.4.12, or a default as specified in Subsection 12.4.11 that MRI reasonably determines is so grossly injurious to the Proprietary Marks or goodwill of the MRI system that it is incurable, MRI may terminate this Agreement as of the date of written notice to FRANCHISEE of such termination.

12.6. If FRANCHISEE has received two or more notices to cure defaults of any nature within a twelve month period, and is in default a third time within the same twelve (12) month period, MRI may terminate this Agreement as of the date of written notice to FRANCHISEE of such termination, without further opportunity to cure, even if any prior defaults were cured after notice.

12.7. If FRANCHISEE becomes insolvent or makes an assignment for the benefit of creditors, or if a petition under any bankruptcy law is filed by FRANCHISEE, or if a petition is filed against FRANCHISEE, or is consented to by FRANCHISEE, or a receiver or trustee is appointed, or if FRANCHISEE is adjudicated a bankrupt, or if a bill in equity or other proceedings for the appointment of

a receiver of FRANCHISEE or other custodian for FRANCHISEE's business or assets is filed, or is consented to by FRANCHISEE, or a receiver or other custodian is appointed, or if proceedings for composition with creditors under any state or federal law shall be instituted by or against FRANCHISEE, or if the real or personal property of FRANCHISEE or any of the stock in the corporation or any ownership interest in the partnership or company to which this license has been assigned shall be sold or levied upon by any sheriff, marshal or constable, or attempted to be transferred by operation of law or order of court, without the consent of MRI, then and in any of these events, FRANCHISEE shall be in default under this Agreement and all rights granted to FRANCHISEE hereunder shall thereupon terminate without notice to FRANCHISEE upon the date of the occurrence of any of the aforementioned events. However, if FRANCHISEE has not consented to any the bankruptcy action and the action is dismissed within sixty days of its filing, then this Agreement shall be reinstated as of the date it was terminated.

12.8. The following procedures shall be applicable to renewal of this Agreement pursuant to Subsection 12.3:

12.8.1. FRANCHISEE shall give MRI written notice of FRANCHISEE's election to renew or not to renew this Agreement not less than twelve months prior to the end of the then-current term.

12.8.2. If FRANCHISEE fails to give MRI written notice, FRANCHISEE is deemed to have elected to renew this Agreement for a five year term on the same terms and conditions contained in this Agreement.

12.8.3. If FRANCHISEE elects to renew this Agreement or is deemed to have elected to renew this Agreement and MRI determines that FRANCHISEE has not met the conditions for renewal and MRI chooses not to waive these conditions, MRI shall give FRANCHISEE written notice of its decision, and MRI shall terminate this Agreement upon 60 days' notice.

12.8.4. If FRANCHISEE elects to renew this Agreement or is deemed to have elected to renew this Agreement and MRI determines that FRANCHISEE has met the conditions for renewal, MRI may submit the documents provided for in Subsection 12.3 and FRANCHISEE shall execute and deliver it to MRI within one month after its receipt, and should FRANCHISEE fail to do so, this Agreement shall terminate at the end of the then current term. If MRI does not submit an amendment to FRANCHISEE, or if MRI continues to provide support and services to FRANCHISEE, this Agreement will automatically renew for an additional five years upon the terms then contained in this Agreement as previously amended.

12.8.5. If FRANCHISEE elects not to renew this Agreement, either by giving MRI notice of nonrenewal or by failing or refusing to execute the renewal amendment submitted by MRI, this Agreement shall terminate at the end of the then current term.

12.9. This Agreement may be terminated by FRANCHISEE without cause after the first five years of the initial term and any time during a renewal term by giving MRI at least two months' written notice of the termination date, provided that FRANCHISEE is not in default of any of its obligations at the time of giving notice, that FRANCHISEE shall comply with all of its obligations up through the date of termination, that FRANCHISEE executes any documents required by MRI, and FRANCHISEE pays a termination fee as provided in this Subsection.

The termination fee shall be based on the "Average Monthly Royalty Fee" determined by multiplying the highest consecutive 12 months of FRANCHISEE's Net Cash-In by the royalty fee rate stated in this Agreement and dividing the product by 12. If the termination occurs during the initial term, the Termination Fee equals the Average Monthly Royalty Fee multiplied by the lesser of (i) 60 or (ii) the number of months remaining in the initial term. If the termination occurs during a renewal term, the Termination Fee equals the Average Monthly Royalty Fee multiplied by the lesser of (i) 36 or (ii) the number of months remaining in the renewal term. If FRANCHISEE's Net Cash-In for any month/year is

less than the minimum royalty fee for that year or month, then the minimum royalty fee shall be substituted for that month or year. The termination fee must be paid in full prior to the termination date or the termination shall not be effective. MRI has the right to examine FRANCHISEE's books and records within 90 days after the termination date to satisfy itself that the correct termination fee and other fees were paid. FRANCHISEE acknowledges that FRANCHISEE's Net Cash-In may reasonably be expected to increase during the portion of the term after the termination date at a rate greater than inflation, as result of which the termination fee is expected to be substantially less than the royalty fees MRI would receive if this Agreement was not terminated pursuant to this Section, even after reducing the projected fees to present value.

It is not the intention of Section 12.9. to apply to the termination of the Franchise Agreement, where either by choice or ill health, FRANCHISEE decides to leave the recruiting and staffing business permanently. If either by choice or ill health FRANCHISEE elects to leave the staffing and recruiting business permanently, and wishes to terminate the Franchise Agreement, MRI will enter into an agreement terminating the Franchise Agreement without penalty. However, this agreement will contain a provision that if FRANCHISEE re-enters the staffing and recruiting business in any way, within two years after the termination date, the fees specified in this section will be enforced.

### 13. RIGHTS UPON EXPIRATION AND TERMINATION

13.1. Upon the expiration or termination of this Agreement, unless it has been renewed in accordance with Subsection 12.3, FRANCHISEE shall:

13.1.1. not later than the effective date of expiration or termination, cease and thereafter forever abstain from using the MRI Proprietary Marks and any service marks, names, symbols or slogans furnished by MRI to any of its licensees or used by MRI or any of its affiliates, and any other service marks, names or slogans used by FRANCHISEE in the conduct of FRANCHISEE's business pursuant to this Agreement, including but not limited to, the following words, phrases and initials: "Management," "Recruiters," "Recruiter," "Sales," "Consultants," "Compu," "Search," "MR," "MRI," "CS," "SC," "SCI," "OM 5," "Office," "Mates," "Five," "Network", "Day", "Star", or any combination of the words resulting in the initials "MR," "MRI," "SC," "SCI," "OM," "OM 5," or "CS," in any manner and shall cause any registration of these service marks, names or slogans to be withdrawn and cause FRANCHISEE's corporate, company, or partnership names to be immediately withdrawn, cancelled or changed to a name that is not similar or in any way related to the aforementioned service marks, names, slogans, words, phrases or initials. In addition to the above, prohibited use includes, but is not limited to, using the Marks on any website or social networking site. Upon written request of MRI, FRANCHISEE shall execute immediately all documents as may be necessary or desired by MRI to assign or transfer to MRI (or any person designated by it) and to confirm its ownership of and right to use all of the foregoing names, service marks, slogans, words, phrases or initials; (it being understood and agreed that nothing contained in this Subsection shall be construed as implying any grant of rights in or to any names or marks other than as expressly granted in Subsection 1.1. of this Agreement); FRANCHISEE may retain an use its Private Brand after termination or expiration if it does not contain the MRI Proprietary Marks;

13.1.2. not later than the effective date of expiration or termination, cease and thereafter forever abstain from using the telephone number(s) used for FRANCHISEE's service business in connection with any MRI Marks. FRANCHISEE may continue to use any telephone numbers and listings not used in connection with the MRI Marks. FRANCHISEE shall also cancel all Yellow Pages advertising and other telephone book, Internet and directory listings that bear the MRI Marks no later than the effective date of expiration or termination;

13.1.3. not later than the effective date of expiration or termination, destroy or return to MRI, freight prepaid, all instructions, operations manuals, DVDs, CDs, videocassettes, training manuals, computer software and documentation, applications, books, forms and materials, and other documents bearing any of the Marks or any other mark, name or slogan furnished or used by MRI or containing any copyrighted, patented, proprietary, or confidential material of MRI, and thereafter shall not retain or use any of documents and materials or any copies; and MRI is hereby authorized and empowered peaceably to take possession of the foregoing documents and materials;

13.1.4. not later than the effective date of expiration or termination, cease using and relinquish any rights whatsoever in and to any of the service marks, trade names or symbols, and any information secured hereunder and the rights shall revert to MR. This section does not apply to any Private Brand that is not used in connection with any MRI Marks

13.1.5. not later than the effective date of expiration or termination, cease and thereafter forever abstain from using the URL and Internet addresses used for FRANCHISEE's business and immediately cause the URL and Internet addresses to be transferred and assigned to MRI. This section does not apply to any URL that does not contain the MRI Marks;

13.1.6. continue to make, so as to be received by MRI by the tenth day of each of the succeeding months, the reports provided for in Section 2 above, and to continue to make the payments of the royalty and marketing and public relations fees in the manner and at the rates specified in Section 2 above, for any placements that were made or services provided by FRANCHISEE during the term of this Agreement but for which payment to FRANCHISEE was made after the term of this Agreement; and

13.1.7. provide, within 30 days after the request, copies of those books, papers, records and materials described in Subsection 6.17 that have been requested by MRI.

13.2. FRANCHISEE hereby irrevocably constitutes and appoints MRI, and its officers as FRANCHISEE's attorney-in-fact to execute all instruments and to do all things necessary for accomplishing those acts required by FRANCHISEE under this Section if FRANCHISEE fails to perform the post-termination obligations required by this Agreement. Upon demand, FRANCHISEE immediately shall pay to MRI all costs and expenses, including reasonable attorney's fees, incurred by MRI and to finalize the post termination obligations.

13.3. Upon the effective date of expiration or termination of this Agreement, all money owing to MRI, if any, (including any monies due on the franchise fee specified in Subsection 2.1, and royalty or marketing and public relations fees at the rates specified in Subsections 2.2.1 and 2.2.2 for placements that were made or services that were provided by FRANCHISEE for which payment is made to FRANCHISEE on or before the effective date of expiration or termination) shall immediately become due and payable notwithstanding any contrary or inconsistent provision of this Agreement, any note, or other documents, and FRANCHISEE shall pay any monies due and owing on or before the date of termination or expiration. After the effective date of expiration or termination, MRI is under no obligation to repay any monies previously paid to MRI by FRANCHISEE, unless any of the monies represent overpayments not previously credited to FRANCHISEE's account.

13.4. FRANCHISEE agrees that an injunction enjoining any violation of terms of this Section and/or compelling compliance with such terms is appropriate and proper relief for any such violation.

## 14. INDEMNIFICATION

14.1. The parties hereto acknowledge that this Agreement is one of license only, that FRANCHISEE is acting independently in FRANCHISEE's own business and is not authorized to act for or on behalf of MRI and that MRI, is not authorized to direct the day to day operations of FRANCHISEE's business, or the acts of FRANCHISEE's agents or employees, and that none of the acts or commitments of FRANCHISEE shall in any manner bind or obligate MRI.

14.2. FRANCHISEE shall indemnify and save MRI harmless from all actions, claims, and demands arising out of FRANCHISEE's activities and any claims that the Private Brand Name infringes upon the rights of a third party, and to reimburse MRI for any and all costs, damages and expenses, including reasonable attorney's fees, which any of them pays or becomes obligated to pay by reason of FRANCHISEE's activities or claim of infringement. This Subsection shall not be construed to void or limit any of the other rights granted to MRI or duties assumed by FRANCHISEE pursuant to this Agreement.

14.3. Subject to the provisions of Section 8.3, MRI shall indemnify and save FRANCHISEE harmless from all actions, claims, and demands arising out of MRI's activities and any claims that any of the service marks licensed under this Agreement infringe upon the rights of a third party. MRI shall indemnify and save FRANCHISEE harmless from all actions, claims, and demands arising out of MRI's activities. The indemnifying party shall reimburse FRANCHISEE for any and all costs, damages, and expenses, including reasonable attorney's fees, which FRANCHISEE pays or becomes obligated to pay by reason of any such activities or claims of infringement. FRANCHISEE shall provide MRI with immediate notice of all actions, claims, and demands received by FRANCHISEE and immediately provide MRI with copies of all papers and pleadings received by FRANCHISEE. The indemnifying party shall have complete control over the conduct of all litigation and overall settlement discussions. This Subsection shall not be construed to void or limit any of the other rights granted to FRANCHISEE or duties assumed by MRI pursuant to this Agreement.

14.4. If legislation enacted by or regulation of any governmental body prevents FRANCHISEE from conducting business pursuant to this Agreement, MRI shall not be held liable for damages or be required to indemnify FRANCHISEE in any manner whatsoever or to return any monies received from FRANCHISEE.

## 15. CONFIDENTIALITY

15.1. FRANCHISEE acknowledges and agrees that the manuals, DVDs, CDs, and computer software and documentation concerning the conduct of the business covered by this Agreement, and any other data, information and methods of operation that are received by FRANCHISEE from MRI are and shall be treated as confidential and are for the sole and exclusive use of FRANCHISEE only during the term of this Agreement in FRANCHISEE's operation of the office at the Location that is franchised under this Agreement, but not thereafter, or elsewhere, or for any other purpose.

15.2. FRANCHISEE agrees not to copy the MRI material or divulge it, directly or indirectly, to any other person or entity at any time, except as may be necessary or desirable to employees of FRANCHISEE during the term of this Agreement.

15.3. FRANCHISEE shall not use, or permit to be used, in the operations of any business (whether or not similar or substantially similar to or competing with the business covered by this Agreement) any know-how, training programs, operations manuals, DVDs, CDs, training manuals, computer software and documentation, or other data, information or expertise, obtained by FRANCHISEE from MRI.

15.4. FRANCHISEE agrees that the issuance of an injunction enjoining any violation of terms of this Section and/or compelling compliance with such terms is appropriate and proper relief for any such violation.

## 16. ARBITRATION

16.1. Except as provided in Subsection 16.3, all controversies, claims, disputes and matters in question arising out of, or relating to, this Agreement or the breach thereof, or the relations between the parties to this Agreement, shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in Philadelphia County Pennsylvania, and shall be governed by the law of the State of Pennsylvania and the Federal Arbitration Act, and shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof, including a federal district court, pursuant to the Federal Arbitration Act, except that arbitrators shall be bound by the statute of limitations found in this Agreement. The fees and expenses of the arbitrator shall be shared equally by both parties. In preparation for the arbitration hearing, each party may utilize all methods of discovery authorized by the Federal Rules of Civil Procedure, and may enforce the right to discovery in the manner provided by the Rules and/or by the Pennsylvania Uniform Arbitration Act.

16.2. The only parties to the arbitration, directly or by representation, shall be the parties to this Agreement and their subsidiaries, provided that persons who are not parties to this Agreement but who are officers, directors, members, and/or employees of the parties to this Agreement may participate upon their agreeing to be bound by the arbitration. The only controversies, claims, disputes, or matters in question that may be considered by the arbitrator are those arising out of, or relating to, this Agreement or other agreements between MRI or its subsidiaries and FRANCHISEE, or the breach of these agreements, or the relations between the parties to this Agreement. The arbitration under this Agreement may not proceed as a class action, joint or representative action. No other arbitration proceeding, controversy, claim, dispute, or matter in question may be included, [representative](#), consolidated, or joined with the arbitration under this Agreement.

16.3. Controversies, disputes, and matters in question regarding the filing of any report and the payment of any fees or other sums required to be paid by FRANCHISEE under the terms of this Agreement are excludable from the foregoing arbitration procedure, at the option of MRI, [and MRI may resort to any court of law or equity with subject matter jurisdiction under the Franchise Agreement.](#)

16.4. MRI may seek temporary and preliminary injunctive relief from any court having jurisdiction over the controversy and the parties in order to protect their rights set forth in Sections 8, 11, 13, and 15, while engaging or preparing to engage in arbitration of the issues.

[16.5. FRANCHISEE hereby irrevocably authorizes and empowers any attorney admitted to practice before any Court of record to appear in any such Court on behalf of FRANCHISEE, to confess judgment against FRANCHISEE and in favor MRI for all sums due, together with an attorneys' commission of 33% of the amount due. No single exercise of this warrant of attorney and power of confession shall exhaust same, which may be exercised as often as MRI deems appropriate. Any true copy of this contract shall be the equivalent of an original for all purposes of exercising this warrant and power of confession, any usage or practice to the contrary notwithstanding. Interest shall continue to accrue at the rate of 18% per annum on the amount of any judgment entered by confession.](#)

## 17. CAPTIONS AND TERMINOLOGY

17.1. The captions to each section herein are used solely for convenience and are not a part of this Agreement, or to be used in interpreting it.

17.2. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural. The masculine gender shall include the feminine as well as the neuter gender. The word "person" shall include an individual, corporation, firm, association, company, partnership, or other entity. If FRANCHISEE is more than one person, they shall be bound jointly and severally.

## 18. NOTICES

18.1. Any notice required hereunder or desired to be given by either party to the other shall be by the United States registered, certified, or express mail, postage prepaid, return receipt requested or by commercial courier service with confirmed delivery. If the registered, certified, express mail or courier delivery is refused, unclaimed, or undeliverable, notice may be given personally or by telegram, mailgram, ordinary mail, commercial courier service, fax, electronic mail, or any other commercially reasonable method.

18.2. Notices to MRI shall be addressed to their then principal places of business and to FRANCHISEE at FRANCHISEE's principal place of business or FRANCHISEE's residence address as such addresses are then currently listed on the records of MRI.

## 19. CONSENT

19.1. Whenever the consent or approval of MRI is required herein, the consent or approval shall not be unreasonably withheld, unless the consent or approval is expressly vested in the business judgment of MRI.

## 20. TIME OF THE ESSENCE

20.1. In construing and applying the terms and provisions of the Agreement, time shall be of the essence in each instance.

## 21. APPLICABLE LAW and STATUTE OF LIMITATIONS

21.1. This Agreement shall be deemed an offer by FRANCHISEE and shall become binding when accepted by MRI at its principal offices. This Agreement and all matters relating to or arising out of the relationship between the parties shall be governed in all respects by the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be entirely performed in the Commonwealth, except as provided below, which laws shall prevail in the event of any conflict of laws.

21.2. FRANCHISEE must bring any claim or lawsuit relating to this Agreement no more than three (3) years after the date that any dispute arises from this Agreement.

## 22. CONSENT TO JURISDICTION

22.1. FRANCHISEE hereby irrevocably agrees that any action or proceeding arising out of or relating to this Agreement may be brought in the courts of the Commonwealth of Pennsylvania or in the United States District Court for the Eastern District of Pennsylvania as MRI may elect. By execution and delivery of this Agreement, FRANCHISEE hereby irrevocably accepts and submits generally and

unconditionally, for itself and with respect to its property, to the jurisdiction of any the court in any the action or proceeding, and hereby waives, to the extent permitted by applicable law, defenses based on jurisdiction, venue or *forum non conveniens*. Nothing herein shall affect the right of MRI to commence legal proceedings or otherwise proceed against FRANCHISEE in any other jurisdiction or forum [to enforce](#) ~~or affect~~ the obligations of the parties relating to arbitration.

## 23. MODIFICATION OR WAIVER

23.1. A modification or waiver of any of the provisions of this Agreement shall be effective only if made in writing and executed with the same formality as this Agreement. This limitation on modification is not subject to oral rescission, modification, or waiver. The failure of any party to insist upon strict performance of any of the provisions of this Agreement shall not be construed as a waiver of any subsequent defaults of the same or different nature.

## 24. SEVERABILITY

24.1. The provisions of this Agreement are severable, it being the intention of the parties that should any provision be found invalid, this invalidity shall not affect the remaining provisions, but the same shall remain in full force and effect as though the invalid provision had not been contained in this Agreement.

## 25. ENTIRE AGREEMENT

25.1. This Agreement contains the entire agreement between MRI and FRANCHISEE, and there are no representations, inducements, arrangements, promises or agreements outstanding between them, either oral or in writing, other than those contained in this Agreement and in the Franchise Disclosure Document. Nothing in this Agreement is intended to disclaim the representations made by MRI in the Franchise Disclosure Document that was given to you.

## 26. SUCCESSORS AND ASSIGNS

26.1. This Agreement shall be binding upon and shall inure to the benefit of MRI, its subsidiaries and their successors and assigns, and shall be binding upon and shall inure to the benefit of FRANCHISEE and FRANCHISEE's heirs, personal representatives (including guardians), but only those assignees of FRANCHISEE whose rights were acquired with the consent of MRI.

## 27. ACKNOWLEDGMENTS

27.1. FRANCHISEE acknowledges that FRANCHISEE has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks, and that making a success of the venture is largely dependent upon his own business abilities. MRI expressly disclaims the making of, and FRANCHISEE acknowledges that FRANCHISEE has not received nor relied upon any representation, warranty or guaranty, expressed or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement, except as expressly set forth in the Franchise Disclosure Document provided to FRANCHISEE.

27.2. FRANCHISEE expressly warrants that FRANCHISEE has no knowledge of any representation about the franchised business, by MRI or its officers, directors, shareholders, employees, agents or servants that is contrary to the terms of this Agreement or the documents referred to herein. FRANCHISEE represents to MRI, as an inducement to its entry into this Agreement, that FRANCHISEE has made no misrepresentations in obtaining this Agreement.

27.3. FRANCHISEE acknowledges that FRANCHISEE has received, read and understands this Agreement, the attachments hereto and all disclosure documents delivered in connection herewith; that FRANCHISEE has had ample time and opportunity to review these documents with his own legal counsel and other advisors of his own choosing and to consult with them about the potential benefits and risks of entering into this Agreement; and that MRI has fully and adequately explained the provisions of these documents to the satisfaction of FRANCHISEE.

28. SAVINGS CLAUSE

28.1. If any of the provisions of this Agreement governing termination or nonrenewal are inconsistent with applicable, valid and controlling statutes and/or regulations, then the inconsistent provisions of these statutes and/or regulations shall be deemed to be incorporated by reference in this Agreement, and shall provide the substantive and procedural bases for exercising the rights of termination; provided, however, that the portions of this Agreement that are not inconsistent shall continue in full force and effect.

The parties have executed this Agreement to evidence their agreement to its terms.

FRANCHISEE'S NAME

\_\_\_\_\_

MANAGEMENT RECRUITERS INTERNATIONAL,  
INC.

By

\_\_\_\_\_  
~~John McDonald~~ ~~Stuart Batchelor~~  
President

EXHIBIT D  
MANAGEMENT RECRUITERS CONVERSION  
FRANCHISE AGREEMENT

This Agreement is entered into as of \_\_\_\_\_, (the (Effective Date”)) at Philadelphia, Pennsylvania, by and among MANAGEMENT RECRUITERS INTERNATIONAL, INC., a Delaware corporation (“MRI”) and (“INDIVIDUAL FRANCHISEE”) or (“FRANCHISEE”).

RECITALS

A. MRI is the owner of several federally registered service marks, including "Management Recruiters", "MR" "MRI", "MRINetwork", "Accelerated Recruitment" and "Building the Heart of Business" and various other marks developed from time to time (the " Marks").

B. MRI has developed a system, methods, and materials, for the operation of a management level and general personnel placement service and related activities and has established a reputation, demand and good will for these services under the Management Recruiters Marks and the Non-exclusive Marks.

C. FRANCHISEE has an established staffing and recruitment business and wants MRI to grant FRANCHISEE a license to use the Marks and a franchise for the operation of the personnel placement services described in this Agreement under the Management Recruiters Marks and the Non-exclusive Marks, including the use of the system, methods and materials developed by MRI.

AGREEMENTS

The parties agree as follows:

1. GRANT AND LIMITATIONS

1.1. MRI grants to FRANCHISEE the right to use the Management Recruiters Marks, under the name “Management Recruiters \_\_\_\_\_” (the “Brand Name”), and the Marks and MRI grants to FRANCHISEE a non-exclusive franchise to operate one personnel placement service office under the Brand Name to be situated by FRANCHISEE at the following location (the “Location”):

\_\_\_\_\_

1.2. FRANCHISEE may use an additional name of FRANCHISEE’s choosing which does not incorporate any of MRI marks (the “Private Brand Name”), provided that MRI has first approved the Private Brand Name in writing. The approval of the Private Brand Name shall be within MRI’s business judgment. FRANCHISEE shall use the Marks, and the Private Brand in such manner and under such circumstances as MRI may determine from time to time. Such determination may be set forth in a manual published by MRI in written or electronic form. MRI may modify, withdraw, or designate substitutes for any or all of its Marks upon six months advance notice, which period may include a transition period. It shall be FRANCHISEE’s sole responsibility to determine whether the Private Brand infringes on the rights of any third party. MRI approves FRANCHISEE’s use of “\_\_\_\_\_” as FRANCHISEE’s Private Brand Name. FRANCHISEE may not license its Private Brand to any other franchisees or to any other independent recruiters or recruiting and staffing companies during the term of this Agreement. FRANCHISEE’s Private Brand may only be used if it is approved by MRI’s Marketing Department and formatted into MRI’s logos, designs and current branding elements. If FRANCHISEE operates a pre-existing staffing and recruiting business under an established Private Brand as of the date of this Agreement and if approved by MRI, FRANCHISEE may continue to operate under its established Private Brand as long as FRANCHISEE’s Private Brand Name is accompanied by the language required by MRI’s marketing department.

1.3. MRI may establish or grant any other person a license or franchise to establish any personnel placement service office under the Marks at or near FRANCHISEE's Location during the term of this Agreement. FRANCHISEE has no exclusive or protected area. Nothing in this Agreement shall prohibit MRI or any of its other franchisees or licensees from doing business with a client at the Location ~~or~~ from an office located outside the Location, nor shall FRANCHISEE be prohibited from doing business with clients or candidates outside the Location.

1.4. MRI grants to FRANCHISEE the right to utilize the system and methods to be disclosed to FRANCHISEE through instruction programs, manuals, DVDs, CDs, online computer programs, and other materials and programs in the operation of FRANCHISEE's office at the Location. FRANCHISEE shall use these materials, methods, and know-how and any other information furnished by MRI only in the operation of FRANCHISEE's offices that are licensed under this Agreement. FRANCHISEE shall not permit them to be used in any other operation or for any other purpose. FRANCHISEE's right to use these materials, methods, and know-how is nonexclusive.

## 2. PAYMENTS TO MRI

2.1. FRANCHISEE shall pay an initial franchise fee of Fifteen Thousand Dollars ~~(\$15,000)~~ upon signing the Franchise Agreement.

2.2. FRANCHISEE shall pay to MRI, for the benefit of MRI, at the place MRI designates at any time, until the expiration of this Agreement and thereafter as provided in Subsection 13.1.6, the following:

2.2.1. a royalty fee equal to Seven Percent (7%) ~~of~~ Net Cash up to \$  
\$1,000,000; and

a royalty fee equal to Five percent (5%) of Net Cash in on the next \$1,000,001 to  
\$2,000,000 of Net Cash In; and

a royalty fee equal to Three Percent (3%) of Net Cash In that exceeds  
\$2,000,000.

The Net Cash-In targets are applied annually and not over the term of the Franchise Agreement. For purposes of the royalty refund, the following are not considered Net Cash-In: a) Net Cash paid to you under the MRI Contract Staffing program or any other staffing program, or b) Net Cash-In earned during any period in which you are in default of the Franchise Agreement. The refund is paid in the following quarter. The Net Cash-In targets will be adjusted annually to reflect changes in the Consumer Price Index (CPI-U) for November of the current year compared to the Consumer Price Index for November 2009.

2.2.2. a marketing and public relations fee equal to one-half percent (0.5%) of FRANCHISEE's Net Cash-In.

2.3. If FRANCHISEE is thirty or more days in arrears in the payment of required fees or the filing of any required reports, MRI has the absolute right without notice, to stop providing or making available any or all services and benefits to FRANCHISEE until FRANCHISEE is current in the payment of fees and the filing of reports and has cured all such other defaults. MRI's doing so shall not diminish FRANCHISEE's continuing obligations under this Agreement or constitute a default, or an actual or constructive termination of this Agreement, ~~or breach of this Agreement.~~

2.4. FRANCHISEE shall deliver to MRI all the reports and records relating to the prior calendar month as MRI may reasonably require, on forms and/or in the manner designated by MRI, which may be on paper and/or on reports to be filed electronically on the reporting platform specified by MRI from time to time. Completing the reporting platform will automatically compile the following reports: Income and Expense Report, a Monthly Summary of Net Cash-In and Billing Information, a Monthly Transmittal of Sales Invoices Issued, Annual Profit and Loss statement, client data, a Monthly Statement of Fees

Collected (Cash Receipts Journal), a Monthly Listing of Invoice Adjustments Issued and Split Fees and Refunds Paid (accompanied by copies of the checks issued by the FRANCHISEE in payment of split fees and refunds paid), an Invoice Cancellation or Adjustment, a Monthly Deposit and the Reconciliation Report. MRI may request paper copies of the supporting documentation. The required reports shall be delivered to MRI no later than the 10th day of each calendar month. This information may be utilized by MRI for the purposes and in the manner as MRI may determine will benefit the MRI organization generally, including marketing, compensation studies, and other analyses.

2.5. "Net Cash-In" is defined for purposes of this Agreement as all receipts from FRANCHISEE's staffing and related services business, including, but not limited to, receipts from the performance of placement, recruiting, and management consulting services, and any other similar staffing, training, human resource, or other business in which FRANCHISEE or MRI or its subsidiaries is presently or subsequently engaged, less only any refunds and split fees paid to any other staffing service and sales and use taxes collected by FRANCHISEE for payment to the relevant taxing authority. "Net Cash-In" also includes all receipts of FRANCHISEE and any affiliate of FRANCHISEE from any such business and any other business in which FRANCHISEE may engage in violation of any obligation contained in this Agreement.

2.6. Payment of fees shall be made on a monthly basis on the 10<sup>th</sup> of the following month, unless otherwise specified from time to time, utilizing the methods and procedures for electronic or other funds transfer and related electronic reporting as MRI may designate from time to time.

2.7. Prior to beginning business under this Agreement, FRANCHISEE shall establish and shall continuously maintain an account for the transfer of fees to MRI. FRANCHISEE shall give its commercial bank instructions in a form provided or approved by MRI and shall obtain the bank's agreement to follow these instructions. FRANCHISEE shall provide MRI with copies of these instructions and agreement. The bank's agreement may not be withdrawn or modified without the prior written approval of MRI, which approval shall be within the business judgment of MRI. FRANCHISEE shall also execute such other forms relating to funds transfer as MRI may request from time to time.

2.8. MRI may require FRANCHISEE's bank to send a monthly statement of all activity in the designated account to MRI's controller at the same time as it sends these statements to FRANCHISEE, and such other reports of the activity in the designated account as MRI may reasonably determine.

2.9. FRANCHISEE shall deposit all receipts of the FRANCHISEE's business in the designated account.

2.10. If FRANCHISEE maintains any other accounts of any type for FRANCHISEE's business, FRANCHISEE shall identify these accounts to MRI and provide to MRI copies of the monthly statements for all such accounts and the details of all deposits to them.

2.11. The procedures established by MRI shall include a method for repayment or credit to FRANCHISEE of any overpayment of fees, whether resulting from the payment of refunds or split fees, or other causes.

2.12. FRANCHISEE shall pay the charges imposed by FRANCHISEE's bank and MRI shall pay the charges imposed by MRI's bank relating to the funds transfer program.

2.13. Beginning on the 30<sup>th</sup> day after any royalty or marketing and public relations fee payment is due, interest shall accrue on any unpaid balance at the rate of eighteen percent (18%) per year (or such lesser rate as may be the highest rate permitted under applicable law for transactions of this type). In addition, FRANCHISEE shall reimburse MRI for all costs and expenses, including reasonable attorney's fees, incurred in the collection and determination of amounts due hereunder.

2.14. To the extent MRI provides FRANCHISEE with any services or products not covered by this Agreement, MRI may determine the fees to be paid by FRANCHISEE for services or products, subject to the right of FRANCHISEE to choose not to receive them.

2.15. FRANCHISEE authorizes MRI to obtain a credit report on FRANCHISEE at any time during the term of this Agreement, and after its expiration or termination if FRANCHISEE owes money to MRI on the date of expiration or termination.

### 3. OBLIGATIONS OF MRI

In addition to the license to use the MRI Marks, symbols and logos, MRI will provide the following:

3.1. A system providing for the interchange of candidates and job orders between FRANCHISEE and other MRI offices, subject to the right of any office (including FRANCHISEE) to refuse to make referrals to or to receive referrals from any other office. FRANCHISEE shall have the right to make and accept referrals from businesses that are not franchises of MRI.

3.2. Continuing advice, guidance, training, and assistance through international, national and regional meetings, seminars, courses, and communication through a variety of modalities.

All training materials, operations manuals, DVDs, CDs, training manuals, and documentation [other than third-party software], and other materials, if any, that MRI will provide to FRANCHISEE will be loaned by MRI to FRANCHISEE. All such materials shall remain the property of MRI and shall be returned upon the termination of this Agreement, notwithstanding the payment of any fee by FRANCHISEE to MRI for the use of such materials.

3.3. In addition, FRANCHISEE may elect to purchase from MRI or MRI's vendors the following products and services at prices offered to all MRI franchisees:

3.3.1. MRI's New Office Development Training class provided to all current franchisees that pay an initial franchise fee. The tuition for one student is \$4500;

3.3.2. Computers/monitors, printers from MRI's hardware vendors;

3.3.3. An ASP user agreement for the planning and recruiting software currently provided to all MRI franchisees that pay the initial franchise fee;

3.3.4. Hardware support contracts;

3.3.5. Subscriptions to client and candidate sourcing platforms to construct an Internet database of candidate and clients records;

3.3.6. A website package that is pre-formatted with the MRI logos, designs and branding elements and hosted e-mail;

3.3.7. Job Board subscriptions;

3.3.8. Subscription to a networking technology platform to strengthen sourcing channels; and

3.3.9. Subscription to a video interviewing platform;

### 4. OBLIGATIONS OF FRANCHISEE

4.1. FRANCHISEE shall conduct a staffing and recruiting business under the service marks designated by in conformity with the terms and conditions of this Agreement.

4.2. FRANCHISEE's business activities shall be limited to serving candidates in their search for full-time permanent positions and employers in their search for these candidates. FRANCHISEE shall not engage in any other type of staffing related business unless FRANCHISEE has been granted a franchise or license by MRI or by MRI Contract Staffing, Inc. to engage in such other type of business or MRI has otherwise granted its permission by an amendment to this Agreement or other writing signed by an authorized officer of MRI. As an example, FRANCHISEE is precluded from engaging in the temporary employment business except through MRI Contract Staffing.

4.3. FRANCHISEE shall maintain office space exclusively for the conduct of the MRI business under this Agreement

4.4. All of the forms, stationery, marketing and public relations materials, brochures, and other printed materials used by FRANCHISEE in the conduct of FRANCHISEE's business that contain the MRI Proprietary Marks shall be the standard materials designed by MRI. If FRANCHISEE wishes to use any different or additional materials, FRANCHISEE shall first obtain MRI'S approval. These materials shall conform to the quality, color, format, and appearance previously or subsequently established by ~~MI.MRI.~~

4.5. FRANCHISEE shall send MRI an annual statement of income and expenses for each calendar year, in the manner prescribed or approved by MRI, to be received by MRI within thirty days after the end of the calendar year. If FRANCHISEE uses a fiscal year that is other than a calendar year, FRANCHISEE shall also send MRI an annual statement for FRANCHISEE's fiscal year within thirty days after the end of the FRANCHISEE's fiscal year.

4.6. FRANCHISEE shall keep FRANCHISEE's office safe, neat, clean and orderly. FRANCHISEE's office shall be open during normal business hours prevailing in the community where located, but not less than thirty-five (35) hours each week (except for holidays observed in FRANCHISEE's community), and FRANCHISEE shall be engaged in the conduct of FRANCHISEE's placement and staffing business and other authorized activities in accordance with the methods set forth in the manuals, ~~CD-ROMS DVD's~~, and instruction programs provided to FRANCHISEE by MRI.

4.7. FRANCHISEE shall utilize an appropriate telephone system and maintain a telephone number(s) to be used exclusively for the business conducted under this Agreement. The content of any "message on hold" and voicemail scripts and materials used by FRANCHISEE shall be subject to MRI's prior approval if it contains the MRI Proprietary Marks.

4.8. All persons employed or retained by FRANCHISEE shall be employees or agents of FRANCHISEE and not of ~~MRMRI~~. MRI shall have the right, but not the obligation, to approve FRANCHISEE's employees operating from a site outside of FRANCHISEE's office ("remote employees") and to establish the terms, conditions, and methods under which they may do so.

4.9. FRANCHISEE shall devote FRANCHISEE's full time and best efforts to promote and advance FRANCHISEE's business under this Agreement, and shall not engage in any activities that might interfere in any manner, directly or indirectly, with the operation of such business. ~~The INDIVIDUAL FRANCHISEE shall at all times be the full time manager of FRANCHISEE's office.~~

4.10. If any action or proceeding is brought against FRANCHISEE relating to FRANCHISEE's business under this Agreement, FRANCHISEE shall immediately provide MRI with copies of all pleadings and papers relating to the action or proceeding. FRANCHISEE shall keep MRI informed about the progress and outcome of these actions or proceedings.

4.11. FRANCHISEE shall comply with all laws, rules and regulations of all governing authorities that regulate or pertain to FRANCHISEE's business.

4.12. During the term of this Agreement and for a period of six months after the date of termination, MRI shall have the right at any time during normal business hours, and from time to time, to

have their representatives enter FRANCHISEE's office without notice for the purpose of inspecting the operation of the franchised business in order to determine FRANCHISEE's compliance with this Agreement and with the standards for use of the Marks, and for any other reasonable purpose connected with the operation of the business. MRI's representatives may inspect, review and audit FRANCHISEE's books, records, materials, and papers relating to FRANCHISEE's business. FRANCHISEE shall provide MRI with copies of all books, papers, records, and materials requested by MRI that relate to FRANCHISEE's business and obligations under this Agreement, including those in electronic form. MRI shall reimburse FRANCHISEE for the reasonable cost of each copy provided.

4.13. FRANCHISEE shall maintain, at its sole expense, a computer system that meets MRI's hardware, software, and communications specifications, as modified from time to time.

## 5. MINIMUM ROYALTY

5.1. FRANCHISEE's minimum royalty fee payment obligation for the calendar year \_\_\_\_\_, which is the third full calendar year after the Effective Date of this Agreement, and each succeeding calendar year, is determined by multiplying the sum of Twelve Thousand Dollars (\$12,000.00) by a fraction, the numerator of which is the Consumer Price Index for the calendar month of November of the prior year, and the denominator which is the Consumer Price Index of November 2009, which is 216.3. The resulting amount will be rounded down to the nearest \$100. If the amount payable by FRANCHISEE pursuant to Subsection 2.2.1 during a calendar year is less than the minimum royalty fee payment required by this Subsection, FRANCHISEE shall pay the difference to MRI by the method as MRI determines within the specified time period during the following calendar year. Failure to pay the difference is a default of this Agreement.

5.2. As used in this Section, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. city average, without seasonal adjustments, for all items, 1982-1984=100, as published by the Bureau of Labor Statistics, United States Department of Labor. In the event of a change in the base year of the Consumer Price Index, the numerator and denominator shall both be expressed in terms of the new base year. If the method of calculating the Consumer Price Index is substantially changed, or if the present Consumer Price Index is discontinued, MRI shall use that index computed on a comparable basis that the Bureau of Labor Statistics makes available for use in connection with numerous outstanding labor contracts. Should the Bureau of Labor Statistics or any successor agency discontinue the publication of the Consumer Price Index or publish the same less frequently or alter the same in some other manner, MRI shall adopt a substitute index or procedure that reasonably reflects and monitors consumer prices and that is as similar as reasonably possible to the Consumer Price Index.

5.3. MRI will inform FRANCHISEE after March 1<sup>st</sup> of each calendar year, or as soon thereafter as reasonably practicable, of the amount of minimum royalty fee payment for the calendar year. MRI may provide this information to FRANCHISEE by including it in a general mailing or electronic transmission addressed to all or a selected group of franchisees that includes FRANCHISEE or by posting it on MRI's Intranet. The method of delivery need not comply with the methods stated in Section 18. MRI's failure to provide FRANCHISEE with this information will not affect FRANCHISEE's obligations under this Section, since FRANCHISEE may obtain the CPI information from the Bureau of Labor Standard's publications and website.

## 6. FINANCIAL INFORMATION

6.1. If this Agreement has been assigned to a corporation, a limited liability company, or a partnership, FRANCHISEE shall submit to MRI a copy of the corporation's, company's, or partnership's Federal income tax return within thirty days of its filing.

6.2. If requested by MRI and FRANCHISEE's business is operated as a sole proprietorship or joint venture, FRANCHISEE shall send to MRI a copy of those portions of FRANCHISEE's Federal income tax return that relate to FRANCHISEE's operation of the business under this Agreement within thirty days after the filing of the return.

6.3. FRANCHISEE shall provide MRI with copies of other portions of FRANCHISEE's Federal income tax returns only if such portions are requested and are relevant to FRANCHISEE's obligations under this Agreement in which case, FRANCHISEE shall provide copies to MRI within thirty days of receipt of a request. MRI shall utilize such portions with appropriate concern for the interests of FRANCHISEE.

6.4. FRANCHISEE shall provide MRI with annual reports. The annual reports referred to above shall include a balance sheet dated as of the end of FRANCHISEE's fiscal year or calendar year and a profit and a loss statement for the year, together with whatever additional financial information MRI may reasonably request. FRANCHISEE's balance sheet and profit and loss statement shall be prepared in accordance with generally accepted accounting principles. MRI has the absolute right to require that the annual report, or any part of it, be reported on and reviewed by an independent state-licensed certified public accountant at the FRANCHISEE's expense. If FRANCHISEE fails to provide MRI with a balance sheet, profit and loss statement and any additional financial information as required by this Section, MRI shall have the right to have an independent audit made of FRANCHISEE's books and records, and FRANCHISEE shall promptly reimburse MRI for the cost of the audit.

6.5. Each of the reports referred to in this Section shall be completed by FRANCHISEE or his accountant in accordance with the instructions contained in the Accounting Manual.

6.6. FRANCHISEE shall keep and maintain accurate and complete books and records reflecting all of its business affairs and transactions in accordance with generally accepted accounting principles and in accordance with any procedures set forth in the Accounting Manual. The books and records shall include properly identified sales journal, general ledger, profit and loss statements, balance sheets, bank statements with cancelled check copies, and deposit advises, corporate books and records, including, but not limited to, minute books and stock certificate books, state sales tax returns, payroll tax returns, federal income tax returns and retailer's occupation tax returns or similar returns required to be filed by the state in which the Location is located. Upon MRI's request, FRANCHISEE shall provide MRI with copies of these books and records, including copies in electronic form, to enable MRI to confirm FRANCHISEE's compliance with this Agreement. FRANCHISEE shall maintain complete records of all cash in for a period of not less than five years after the close of the year to which these records relate.

6.7. Upon the request of MRI, FRANCHISEE shall have FRANCHISEE's books and records audited by a certified public accountant acceptable to MRI. The audit shall be initiated within thirty days after the request, and shall be completed and the audit report provided to MRI within sixty days following initiation. Within five days after notice, FRANCHISEE shall pay to MRI the royalties marketing and public relations fees due on any understated amount. If the audit does not disclose an understatement of Net Cash-In in excess of five percent (5%) of the total reported to MRI for any 12-month period prior to the commencement of the audit, then all fees and expenses charged by the certified public accountant shall be paid by MRI. If the audit discloses an understatement of Net Cash-In in excess of five percent (5%) of the total reported to MRI for any 12-month period prior to the commencement of the audit, then, within five (5) days after notice, FRANCHISEE shall pay the fees and expenses charged by the certified public accountant. If FRANCHISEE establishes to the reasonable satisfaction of MRI that the

understatement was the result of clerical error or inadvertence, each of the parties shall bear one-half (1/2) of the fees and expenses.

## 7. INSURANCE

7.1. FRANCHISEE shall acquire and maintain, throughout the term of this Agreement, and at its own expense, insurance with one or more insurance companies with at least an A.M. Best's rating of "A minus VIII", which insurance shall:

7.1.1. be acceptable to MRI; and

7.1.2. name MRI, as an additional insured, except as those policies in which only an employer may be named as an insured.

7.2. The insurance coverage must include the following:

7.2.1. COMMERCIAL GENERAL LIABILITY including bodily injury and property damage liability for premises and operations, contractual liability, personal injury liability and, if applicable, stop gap coverage in the amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate.

7.2.2. BUSINESS AUTOMOBILE LIABILITY including bodily injury and property damage liability for owned, leased, non-owned and hired autos in the amount of \$1,000,000 each accident.

7.2.3. WORKER'S COMPENSATION with the statutory minimum limits set by applicable law and EMPLOYER'S LIABILITY in the amount of \$500,000 or statutory minimum limits, whichever is greater.

7.2.4. PROPERTY including "all-risk" coverage on all real and personal property owned, leased or rented by FRANCHISEE as well as business income and extra expense coverage. This insurance shall be written for the replacement cost of FRANCHISEE's real and personal property and on an actual loss sustained basis for the business income and extra expense.

7.2.5. ERRORS AND OMISSIONS in the amount of \$1,000,000 per claim and annual aggregate. Personal Injury Liability coverage may be added to this policy instead of including it under the COMMERCIAL GENERAL LIABILITY policy.

7.2.6. EMPLOYMENT PRACTICES LIABILITY in the amount of \$1,000,000 per claim and annual aggregate. This insurance may be purchased as part of the ERRORS AND OMISSIONS INSURANCE policy provided that separate limits are provided for each of the two coverages or provided that the policy limits on the combined policy equal the combined total of the limits for Sections 7.2.5 and 7.2.6.

7.2.7. COMMERCIAL BLANKET EMPLOYEE DISHONESTY BOND, including coverage for any ERISA plans in the amount of \$100,000 or 10% of the ERISA plan assets, whichever is greater.

7.2.8. LICENSE BOND, if required by applicable law.

7.2.9. UNEMPLOYMENT COMPENSATION with the statutory minimum limits set by applicable law.

7.2.10. Any and all other types and limits of insurance that may be required, from time to time, by MRI or applicable law.

7.3. The insurance policies shall:

7.3.1. Contain no provision that in any way limits or reduces coverage for the FRANCHISEE below the aggregate limits provided in the policy in the event of a claim by any one or more of the Indemnitees;

7.3.2. Waive any rights of recovery the insurance companies may have against MRI;

7.3.3. Be primary to and without right of contribution from any other insurance purchased by or on behalf of MRI;

7.3.4. Be in an amount and form and with a carrier or carriers satisfactory to MRI, but, in no event, in amounts less than stated above, nor shall this insurance have a deductible or self-insured retention in excess of \$10,000.00; and

7.3.5. Provide by endorsement that MRI is entitled to receive at least thirty days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend said policy.

7.4. FRANCHISEE shall not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these policies without MRI's prior written consent.

7.5. As proof of this required insurance, a certificate of insurance or a copy of the insurance policy shall be submitted by FRANCHISEE for MRI's approval prior to FRANCHISEE's commencement of activities under this Agreement, and similar copies shall be provided for each renewal or replacement policy prior to the renewal or replacement inception date. FRANCHISEE shall deliver a complete copy of FRANCHISEE's then effective policy or policies of insurance within ten days following a request by MRI for copies.

7.6. MRI may, in the exercise of its business judgment, from time to time increase the required minimum limits of coverage and/or require FRANCHISEE to maintain additional types of insurance.

7.7. If FRANCHISEE fails to obtain or maintain any required insurance for the benefit of MRI. MRI may obtain insurance for itself and, and FRANCHISEE shall reimburse MRI for the cost of such insurance within thirty calendar days after FRANCHISEE receives an invoice for insurance from MRI.

## 8. MRI's PROPRIETARY MARKS

8.1. "Proprietary Marks" means all trade names, trademarks, service marks and slogans licensed to FRANCHISEE under this agreement and all current and future trade names, trademarks, service marks, logos, symbols and slogans in which MRI has an interest or which MRI may permit FRANCHISEE to use, including, without limitation, the Exclusive Marks and the Non-exclusive Marks.

8.2. With respect to FRANCHISEE's licensed use of the Proprietary Marks pursuant to this Agreement, FRANCHISEE agrees that:

8.2.1. FRANCHISEE shall use only the Proprietary Marks designated by MRI, and shall use them only in the manner authorized and permitted by MRI.

8.2.2. FRANCHISEE shall use the Proprietary Marks only for the operation of the franchised business and only in connection with the office at the Location.

8.2.3. FRANCHISEE's right to use the Proprietary Marks is limited to those uses that are authorized under this Agreement, and any unauthorized use shall constitute an infringement of MRI's rights.

8.2.4. FRANCHISEE shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of MRI.

8.2.5. FRANCHISEE shall not register or attempt to register any of the Proprietary Marks in FRANCHISEE's own name or that of any other person, firm or corporation, except for requisite trade name or fictitious name registrations or corporate names approved by MRI.

8.2.6. FRANCHISEE shall comply with MRI's instructions in filing and maintaining any requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by MRI or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

8.2.7. If FRANCHISEE secures in any jurisdiction any rights whatever to any Proprietary Mark, FRANCHISEE shall immediately notify MRI and, upon written request, shall immediately assign all of FRANCHISEE's right, title and interest to MRI.

8.2.8. FRANCHISEE shall not use any Proprietary Mark in connection with any statement or material that may, in the business judgment of MRI, be in bad taste or inconsistent with MRI's public image, or tend to bring disparagement, ridicule or scorn upon MRI, any of Proprietary Marks, or the goodwill associated with the Proprietary Marks.

8.3. With respect to actual or potential litigation concerning the Proprietary Marks:

8.3.1. FRANCHISEE shall promptly notify MRI of any unauthorized use of the Proprietary Marks or marks confusingly similar thereto as well as any challenge to the Proprietary Marks. FRANCHISEE acknowledges that MRI has the sole right to direct and control any administrative proceeding or litigation involving the ownership or validity of the Proprietary Marks, including any settlement thereof. MRI has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

8.3.2. Provided FRANCHISEE has used the Proprietary Marks in accordance with this Agreement, MRI will defend FRANCHISEE at its expense against any third party claim, action, or demand involving the ownership or validity of the Proprietary Marks arising out of FRANCHISEE's use. If FRANCHISEE has not used the Proprietary Marks in accordance with this Agreement, MRI will not defend FRANCHISEE against third party claims, actions, or demands.

8.3.3. If MRI undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, FRANCHISEE agrees to execute any and all documents and to do those acts and things as may, in the opinion of counsel for MRI, be necessary to carry out a defense or prosecution, including but not limited to, becoming a nominal party to any legal action. Except to the extent that any litigation is the result of FRANCHISEE's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, MRI agrees to reimburse FRANCHISEE for its out of pocket costs in doing those acts and things, except that FRANCHISEE shall bear the salary costs of its employees, and MRI shall bear the costs of any judgment or settlement.

8.4. FRANCHISEE expressly understands and acknowledges that:

8.4.1. MRI is the owner of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

8.4.2. The Proprietary Marks are valid and serve to identify MRI's system and those who are authorized to operate under the system.

8.4.3. FRANCHISEE shall not directly or indirectly contest the validity or MRI's ownership of the Proprietary Marks or MRI's license to use the Proprietary Marks.

8.4.4. FRANCHISEE's use of the Proprietary Marks licensed under this Agreement does not give FRANCHISEE any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

8.4.5. MRI's use and licensing of the names and service marks and "MRI Network" and "MRI" to third parties, and the acts of those named or other named offices or franchisees (including any subsidiaries or affiliates of MRI or of those franchisees) are not and shall not be breaches of this Agreement.

8.4.6. Any and all goodwill arising from FRANCHISEE's use of the Proprietary Marks in its franchised operation under the system shall inure solely and exclusively to MRI's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE's use of the system or the Proprietary Marks.

8.4.7. The right and license of the Proprietary Marks granted hereunder to FRANCHISEE is non-exclusive, and MRI has and retains these rights, among others:

8.4.7.1. To use the Proprietary Marks itself in connection with selling products and services;

8.4.7.2. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees;

8.4.7.3. To grant other rights in, to, and under the Proprietary Marks in addition to those rights already granted, and to develop, acquire, and grant rights in other names and marks on any terms and conditions that MRI deems appropriate, including, without limitation, the name and service marks "MRI," "MRINetwork," and "Sales Consultants" and "SC" and any private brand name for the operation of offices at the Location and outside the Location; and

8.4.7.4. To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to FRANCHISEE.

8.5. FRANCHISEE shall sign any certificate, consent, release or other instrument that may be necessary or desirable for MRI or any of its franchisees to utilize the Proprietary Marks, or any other name, trademark, service mark, symbol or slogan furnished or approved by MRI (including incorporation of the Marks in the names of their business organizations) for the operation of FRANCHISEE's business.

8.6. FRANCHISEE's domain names, URLs, and electronic addresses shall be subject to MRI's approval and control if they contain or are used in connection with the MRI Marks.

## 9. TRANSFERABILITY OF LICENSE

9.1. The license granted herein is personal to INDIVIDUAL FRANCHISEE. Neither FRANCHISEE's interest in this Agreement, FRANCHISEE's business, including stock or assets, nor any of FRANCHISEE's rights or privileges herein shall be sold, assigned, transferred, sublicensed, shared or divided by FRANCHISEE, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise in any manner, except upon prior written approval of MRI obtained in accordance with the requirements of this Section. FRANCHISEE has no right to sell or otherwise transfer any interest in this Agreement that is not made in conjunction with the sale or transfer of FRANCHISEE's staffing and recruiting business.

9.2. If FRANCHISEE desires to sell or transfer all or any portion of FRANCHISEE's rights under this Agreement, or of FRANCHISEE's business, or of any interest in the corporation, company, or partnership to which this Agreement has been transferred, FRANCHISEE shall have a right of sale or transfer only to a purchaser who will operate a Management Recruiters business at FRANCHISEE's Location. FRANCHISEE shall first obtain a bona fide written offer from a third party. The offer shall specifically recite the price and all other terms and conditions of the proposed transaction, and a duplicate

original of the offer shall be provided by FRANCHISEE in writing to MRI. For a period of fourteen days following its receipt of the offer, MRI shall have an option to purchase the business and franchise rights offered upon the exact terms, conditions, and price (less any amount that would otherwise be payable as and by way of commission or finder's fee to a broker or like representative) contained in the offer submitted by FRANCHISEE; provided, however, that this option shall not apply to a proposed sale or transfer to INDIVIDUAL FRANCHISEE's spouse and/or adult children.

9.3. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, MRI may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, MRI shall submit to FRANCHISEE, in writing, the names of three qualified independent appraisers. Within ten (10) days of the date of notification, FRANCHISEE shall deliver to MRI, in writing, FRANCHISEE's designation of one of the three appraisers to make the determination. If FRANCHISEE fails to designate an appraiser within the ten day period, then MRI shall designate an appraiser from the list. If FRANCHISEE is dissatisfied with all of the listed appraisers and notifies MRI within the ten day period, FRANCHISEE shall select and pay for one and MRI shall select and pay for one, and the two appraisers chosen shall select a third appraiser. The decision of the sole appraiser, if there is a single appraiser, or a majority of the appraisers chosen, if there are multiple appraisers shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

9.4. If MRI does not exercise its option in writing, FRANCHISEE may, within six months following the expiration of MRI's option and upon prior written approval of MRI, sell or transfer FRANCHISEE's business or interest, or portion, to the third party whose offer was submitted to MRI, but only upon the exact terms, conditions, and price set forth in the offer.

9.5. Written approval of the proposed transferee by MRI may be conditioned upon the following:

9.5.1. A personal interview with the proposed transferee at MRI's principal office but without expense to MRI;

9.5.2. The proposed transferee's demonstrating to MRI's satisfaction that the proposed transferee meets the criteria considered by MRI when reviewing a prospective franchisee's application for a franchise, including MRI's educational, managerial and business standards; that the proposed transferee possesses a good moral character, business reputation and credit rating; that the proposed transferee has the aptitude and ability to conduct the business franchised in this Agreement (as evidenced by prior related business experience or otherwise); that the proposed transferee has adequate financial resources and capital to operate the business and that the proposed transferee is a natural person;

9.5.3. The proposed transferee's paying for and attending the next scheduled MRI's instruction program for new licensees next following MRI's approval of the transaction, and during the instruction program, the proposed transferee shall pay for the proposed transferee's own food, lodging and transportation;

9.5.4. Execution by the proposed transferee of the most recent franchise agreement then in use by MRI as if the proposed transferee were originally purchasing a franchise from MRI;

9.5.5. The payment to MRI by seller and/or the proposed transferee in the manner as they may agree between themselves, for the receipt by the proposed transferee of the materials, supplies, equipment, services, and instruction as MRI shall determine is appropriate, upon consideration of the prior experience of the proposed transferee in the staffing service business, the needs of the transferee, and the comparable materials, supplies, equipment, services, and instruction that are provided to persons who purchase a franchise directly from MRI;

9.5.6. The payment of marketing fees and expenses, including referral fees and expenses, as may be agreed upon between the seller and MRI;

9.5.7. All of FRANCHISEE's accrued monetary obligations and all other outstanding obligations to MRI, its subsidiaries and its affiliates shall have been satisfied;

9.5.8. FRANCHISEE is not in default of any provisions of this Agreement, any amendment to this Agreement, or any other agreement between FRANCHISEE and MRI, or its subsidiaries and affiliates;

9.5.9. FRANCHISEE's executing a general release, in a form satisfactory to MRI, of any and all claims against MRI its subsidiaries, affiliates, successors and assigns, and their respective officers, directors, shareholders, partners, agents, representatives, servants, and employees, in their corporate and individual capacities, including without limitation, claims arising under this Agreement and federal, state, and local laws, rules and ordinances; and

9.6. In addition, MRI may consider whether the proposed terms of sale or other factors involved in the transaction will materially reduce the potential ability of the proposed transferee to be successful. MRI is under no duty to anyone to consider these factors, and the approval of a proposed purchase by MRI shall not be considered an expression of opinion by MRI of the appropriateness or fairness of the terms of the sale or of the likelihood of the success of the proposed transferee.

9.7. MRI has the absolute right to require the sale of a portion of FRANCHISEE's franchise rights to be structured as a direct franchise between MRI and the purchaser, and not as a subfranchise or other arrangement between FRANCHISEE and the purchaser.

9.8. If a sale and assignment is finalized, MRI is entitled to receive the transfer fee provided for in Subsection 9.9. The assignment is not effective unless and until the franchise agreement by and between MRI and the purchaser has been executed and delivered, all monies then due and owing to MRI by FRANCHISEE including the transfer fee required under Subsection 9.9 has been paid to MRI, all defaults of FRANCHISEE under this Agreement have been cured, and FRANCHISEE has executed a general release of all claims against MRI arising out of or related to this Agreement and the operations and performance of each of them under it.

9.9. Upon the sale, assignment or transfer of FRANCHISEE's business and/or franchise, in whole or in part, including any interest in the corporation, company, or partnership that owns or manages the franchised business or any of the assets of the business, to a third party or otherwise, FRANCHISEE shall pay to MRI a fee equal to a percentage of the total sales price received determined on the basis of the following table:

Description of Transaction	Applicable percentage
If the purchaser is a parent, spouse, or child of the Individual Franchisee	One percent (1%)
If the purchaser is not a member of the Individual Franchisee's immediate family, but the purchaser has been employed as a manager, account executive, or project coordinator by an MRI franchised or company office for at least two years prior to the date of the purchase agreement	Three percent (3%)
For all other transactions	Five percent (5%)

“Total sales price” means all consideration of any nature or kind paid or payable to FRANCHISEE or any other person in connection with or arising out of the assignment or transfer of this license or any interest in FRANCHISEE's business, whether money, property or other thing or service of value, including, but not limited to, consideration received for FRANCHISEE's business, rights under this Agreement,

contracts, goodwill, equipment, furniture, files and records, accounts receivable, any consulting or other fees or arrangement, or compensation for restrictions on the seller's right to engage in competitive activities. The total sales price includes any interest payable by the buyer. When any portion of the sales price is paid in installments or on any other deferred basis, FRANCHISEE shall pay the applicable percentage of each portion of the total purchase price within ten business days after the receipt of the portion. FRANCHISEE, at MRI's request, shall provide for payment by the buyer directly to MRI, provided that this arrangement will not relieve the FRANCHISEE from the primary obligation of payment. If any portion of the sale price is other than cash and if the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, the cash equivalent of the non-cash part shall be determined by the process set forth in Subsection 9.3.

9.10. In the event of the death or permanent disability of the INDIVIDUAL FRANCHISEE, the interest of the INDIVIDUAL FRANCHISEE under this Agreement and the INDIVIDUAL FRANCHISEE's stock in the corporation or company or partnership interest, if any, may be transferred to the INDIVIDUAL FRANCHISEE's surviving spouse or adult child or children, subject to transferee's complying with the requirements of Subsection 9.5.3. MRI may also require the transferee to comply with Subsection 9.5.4, provided that any new franchise agreement shall not contain any higher rate of royalty or marketing and public relations fees than are stated in this Agreement. No transfer fee will be charged.

9.11. The license and franchise rights granted by this Agreement are personal to FRANCHISEE. The only methods of sale, transfer, or assignment of the license and franchise rights are those contained in Sections 9 and 10. Whether or not an assignment or transfer of FRANCHISEE's license is involved, FRANCHISEE, whether an individual or otherwise, shall not change the business form or entity, either to obtain the services of a partner or to accomplish any other change, without the prior written consent of MRI.

9.12. FRANCHISEE shall not permit, create, incur, assume or suffer to exist any mortgage, lien, charge or encumbrance of any kind on, or pledge or assign any interest whatsoever in and to this license, or to any stock of the corporation or any ownership interest of the partnership to which this license has been transferred other than to MRI, without the prior written consent of MRI.

9.13. If this Agreement is terminated pursuant to a sale by FRANCHISEE of FRANCHISEE's rights under this Agreement and if FRANCHISEE engages in the staffing or a related business at any time within two year after the termination of this Agreement, FRANCHISEE will pay to MRI a fee equal to the royalty fees provided for in Section 2 during the two year period after termination of this Agreement. If the expiration date of this Agreement is less than two years after the termination of this Agreement, FRANCHISEE's obligation for payment shall only be for the period ending with the expiration date. The payments will be made in the manner provided by Section 2 and will be accompanied by the reports required of FRANCHISEE during the term of this Agreement. MRI's rights of inspection and audit will continue during this period and for an additional three months. This payment will not be required in the following circumstances:

9.13.1. If FRANCHISEE's activity consists only of the ownership of less than one percent of the stock of a publicly traded company; or

9.13.2. If FRANCHISEE's Net Cash-In during each of the two calendar years prior to the sale was less than FRANCHISEE's minimum royalty for those calendar years.

10. CHANGE OF BUSINESS ENTITY

10.1. INDIVIDUAL FRANCHISEE, upon prior written consent of MRI, may transfer FRANCHISEE's license to a corporation provided that:

10.1.1. the corporation is newly organized and duly incorporated;

10.1.2. INDIVIDUAL FRANCHISEE is the owner of and shall always retain not less than fifty-one percent (51%) of all the issued and outstanding capital stock of the corporation;

10.1.3. INDIVIDUAL FRANCHISEE is and shall agree to remain the principal operating officer of the corporation;

10.1.4 the activities of the corporation are and shall be confined exclusively to the business under this Agreement;

10.1.5. the corporation's stock shall be owned only by the INDIVIDUAL FRANCHISEE and by the other shareholders whose ownership shall have received the prior written consent of MRI;

10.1.6. the corporation and all of its officers, directors, and holders of ten percent (10%) or more of the corporation's stock shall agree in writing satisfactory to MRI, to assume all of INDIVIDUAL FRANCHISEE's obligations under this Agreement, and agree to be personally bound by all of the terms, conditions and covenants of this Agreement as if they had been parties to it at its inception, and all shareholders of the corporation shall agree in writing that they shall not sell, assign or transfer any of their shares in the corporation to any person other than to other shareholders of the corporation without the prior written consent of MRI; and the corporation shall agree that similar agreements will be required of all future officers, directors, and holders of ten percent (10%) or more of the corporation's stock;

10.1.7. all monies due or owed to MRI by INDIVIDUAL FRANCHISEE up to and including the last day of the month preceding the transfer are paid in full on or before the date the transfer is approved by MRI and all defaults of this Agreement by FRANCHISEE, if any, are cured; ~~and~~

10.1.8. all stock certificates of the corporation shall be conspicuously endorsed that this stock cannot be sold, assigned, pledged, mortgaged, transferred or increased, by operation of law or otherwise, without the prior written consent of MRI; ~~and \_\_\_\_\_.~~

10.2. INDIVIDUAL FRANCHISEE, upon prior written consent of MRI, may transfer FRANCHISEE's license to a partnership provided that:

10.2.1. the partnership is newly organized;

10.2.2. INDIVIDUAL FRANCHISEE is the owner of and shall always retain more than one-half of the controlling interest of the partnership;

10.2.3. INDIVIDUAL FRANCHISEE is and shall agree to remain the managing partner of the partnership;

10.2.4. the activities of the partnership are and shall be confined exclusively to the business under this Agreement;

10.2.5. no person shall be a partner without having received the prior written consent of MRI to become a partner;

10.2.6. the partnership and all partners shall agree in writing satisfactory to MRI to assume all of INDIVIDUAL FRANCHISEE's obligations under this Agreement, to be personally bound by all of the terms, conditions and covenants of this Agreement as if they had been parties

to it at its inception, and that no interest in the partnership shall be sold, assigned, or transferred to any person other than to other partners without the prior written consent of MRI; and partnership shall agree that similar agreements will be required of all future partners; ~~and~~

10.2.7. all monies due or owed to MRI by INDIVIDUAL FRANCHISEE up to and including the last day of the month preceding the transfer are paid in full on or before the date the transfer is approved by MRI and all defaults of this Agreement by FRANCHISEE, if any, are cured; and

        ;

10.3. INDIVIDUAL FRANCHISEE, upon prior written consent of MRI, may transfer FRANCHISEE's license to a limited liability company provided that:

10.3.1. the company is newly organized;

10.3.2. INDIVIDUAL FRANCHISEE is the owner of and shall always retain more than one-half of the controlling and ownership interests of the company;

10.3.3. INDIVIDUAL FRANCHISEE is and shall agree to remain the principal manager of the company;

10.3.4. the activities of the company are and shall be confined exclusively to the business under this Agreement;

10.3.5. no person shall be a member of the company without having received the prior written consent of MRI to become a member;

10.3.6. the company and all members and managers shall agree in writing satisfactory to MRI to assume all of INDIVIDUAL FRANCHISEE's obligations under this Agreement, to be personally bound by all of the terms, conditions and covenants of this Agreement as if they had been parties to it at its inception, and that no interest in the company shall be sold, assigned, or transferred to any person other than to other members without the prior written consent of MRI; and the company shall agree that similar agreements will be required of all future members and managers; ~~and~~

10.3.7. all monies due or owed to MRI by INDIVIDUAL FRANCHISEE up to and including the last day of the month preceding the transfer are paid in full on or before the date the transfer is approved by MRI and all defaults of this Agreement by FRANCHISEE, if any, are cured; and         ;

## 11. RESTRICTIVE COVENANT

11.1. During the term of the Agreement.

11.1.1. During the term of this Agreement, FRANCHISEE and FRANCHISEE's spouse and any corporation, partnership or other entity with which FRANCHISEE or FRANCHISEE's spouse is affiliated shall not, directly or indirectly, engage in, have a financial interest in, license its Private Brand to, or be associated in any manner with, any business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged, specifically including, but not limited to, serving as or becoming a principal, agent, director, stockholder, officer, investor, lender, landlord, manager, trustee, representative, employee, account executive, counselor, consultant, trainer, or field operations person for the competing business. Nothing contained in this section shall preclude these individuals and companies from holding any such status with MRI or as a franchisee of MRI.

11.1.2. During the term of this Agreement, FRANCHISEE shall not, directly or indirectly, for itself or on behalf of any other person or entity, entice, recruit, employ, try to employ any of MRI's employees, or MRI's affiliates' employees, or enter into any contract with any of MRI's or any of MRI's affiliates' employees to work in *any* business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged, without MRI's prior written permission. The permission, if granted, will be contingent upon payment to MRI of a fee equal to Twenty-Five (25%) of that employee's most recent total annual compensation. This is not a penalty, but represents MRI's reasonable costs to recruit, hire and train a replacement employee. If FRANCHISEE violates this provision, MRI may resort to any legal remedy available in law or equity, including damages and/or injunctive relief.

11.2. After Termination of the Agreement.

11.2.1. If FRANCHISEE terminates this Agreement before its expiry date for *any* reason, FRANCHISEE and FRANCHISEE's spouse and any corporation, partnership or other entity with which FRANCHISEE or FRANCHISEE's spouse is affiliated shall not, before the expiry date, directly or indirectly, engage in, have a financial interest in, license its Private Brand, if any, to, or be associated in any manner with, any business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged, specifically including, but not limited to, serving as or becoming a principal, agent, director, stockholder, officer, investor, manager, trustee, representative, employee, account executive, counselor, consultant, trainer, or field operations person for competing business. This provision does not apply to FRANCHISEE if it exercises its buyout option in Section 12.9. Nothing contained in this section shall preclude any such person from holding any such status with MRI or as a franchisee of MRI.

11.2.2. For a period of one year after termination of this Agreement for *any* reason, **including termination** on behalf of itself or for any other person or entity, FRANCHISEE shall not, directly or indirectly for itself or on behalf of any other person or entity, entice, recruit, employ, to try to employ any person who is MRI's employee, or MRI's affiliate's employee, or enter into any contract with any person who is MRI's or any of MRI's affiliates' employees to work in any business that engages in any aspect of a staffing business or any other business in which MRI or any of its subsidiaries or affiliates may then be engaged without MRI's prior written permission. The permission, if granted, will be contingent upon payment to MRI of a fee equal to Twenty-Five (25%) of that employee's most recent total annual compensation. This is not a penalty, but represents MRI's reasonable costs to recruit, hire and train a replacement employee. If FRANCHISEE violates this provision, MRI may resort to any legal remedy available in law or equity, including damages and/or injunctive relief.

11.3. FRANCHISEE agrees that the issuance of an injunction enjoining any violation of the terms of this Section 11 is appropriate and proper relief for any violation.

12. TERM; RENEWAL AND TERMINATION

12.1. FRANCHISEE, in FRANCHISEE's sole, unfettered judgment, shall choose the initial term of this Agreement by completing the blank space provided for in Subsection 12.2., with a number that is not less than five or more than twenty, and initialing the choice in the margin.

12.2. The initial term of this agreement shall end on the last day of the month that is \_\_\_\_\_ years after the date of this Agreement.

\_\_\_\_\_  
FRANCHISEE(S)  
INITIALS

12.3. FRANCHISEE may, at FRANCHISEE's option, renew this Agreement for an unlimited number of additional consecutive terms of five years each, subject to the procedures described in Subsection 12.8 and subject to the following conditions that must be met prior to renewal:

12.3.1. FRANCHISEE must be in full compliance with all of provisions of this Agreement, including any amendments, and any other agreement between FRANCHISEE and MRI or its subsidiaries and affiliates; and FRANCHISEE shall have substantially complied with all the terms and conditions of these agreements during their terms;

12.3.2. FRANCHISEE shall have satisfied all monetary obligations owed by FRANCHISEE to MRI and its subsidiaries and affiliates and shall have timely met those obligations throughout the term of this Agreement;

12.3.3. FRANCHISEE shall execute a renewal amendment that will conform this Agreement to the then current form of franchise agreement, including, without limitation, a higher royalty fee and a higher marketing and public relations fee. However, no initial franchise ~~fee or renewal~~ fee shall be required from FRANCHISEE and no additional services or products shall be required from MRI;

12.3.4. The amendment will include a general release, in a form satisfactory to MRI, of any and all claims against MRI its subsidiaries, affiliates, successors and assigns and their respective officers, directors, shareholders, partners, agents, representatives, and employees, in their corporate and individual capacities, including without limitation, claims arising under this Agreement and federal, state, and local laws, rules and ordinances;

12.3.5. FRANCHISEE shall comply with MRI's then current training requirements;

12.3.6. FRANCHISEE shall upgrade FRANCHISEE's operations to comply with MRI's then current standards and methods.

12.4. Upon the occurrence of any of the following events of default, MRI shall have the right to terminate this Agreement and the license granted herein:

12.4.1. The abandonment of the franchised business or the franchise relationship, or the failure to conduct business for any period of thirty consecutive days without the prior written approval of MRI;

12.4.2. The failure to submit any report or copy of invoice required by this Agreement within fourteen days following the date when any report or was due;

12.4.3. The failure to pay in full any payment owed to MRI within fourteen days following the date when payment is due;

12.4.4. The submission of a report that understates Net Cash-In by five percent (5%) or more of the total reported, unless FRANCHISEE establishes to the reasonable satisfaction of MRI that the understatement was the result of clerical error or inadvertence;

12.4.5. A violation by FRANCHISEE of Subsection 9.12- or Section 11;

12.4.6. FRANCHISEE relocates its office from the Location without MRI's prior written approval;

12.4.7. The material breach by FRANCHISEE of any other obligation established by this Agreement or of any other agreement between FRANCHISEE and MRI or its subsidiaries, if such other agreement is related to this Franchise Agreement;

12.4.8. The conviction of FRANCHISEE of any felony or a crime involving moral turpitude;

12.4.9. Any conduct by FRANCHISEE that constitutes an unfair trade or business practice under any applicable law or that is injurious to MRI's Proprietary Marks or the goodwill of the MRI system or any violation of MRI's then-current Branding requirements; or

12.4.10. The termination for cause of any other Franchise Agreement with MRI.

12.5. MRI may terminate this Agreement upon thirty days written notice to FRANCHISEE in the event of a default pursuant to Subsection 12.4.~~1,12.4.2~~, 12.4.3,12.4.4, 12.4.5, 12.4.~~6, 12.4.7~~~~11~~ or a default pursuant to Subsection 12.4.9 that MRI reasonably determines is curable, unless the default is cured within the thirty day period. In the event of a default as specified in Subsection 12.4.~~1,12.4.6,12.4.7~~, 12.4.8 or 12.4.10, or a default as specified in Subsection 12.4.9 that MRI reasonably determines is so grossly injurious to the Proprietary Marks or goodwill of the MRI system that it is incurable, MRI may terminate this Agreement as of the date of written notice to FRANCHISEE of such termination.

12.6. If FRANCHISEE has received two or more notices to cure defaults of any nature within a twelve month period, and is in default a third time within the same twelve (12) month period, MRI may terminate this Agreement as of the date of written notice to FRANCHISEE of such termination, without further opportunity to cure, even if any prior defaults were cured after notice.

12.7. If FRANCHISEE shall become insolvent or make an assignment for the benefit of creditors, or if a petition under any bankruptcy law is filed by FRANCHISEE, or if a petition is filed against FRANCHISEE, or is consented to by FRANCHISEE, or a receiver or trustee is appointed, or if FRANCHISEE is adjudicated a bankrupt, or if a bill in equity or other proceedings for the appointment of a receiver of FRANCHISEE or other custodian for FRANCHISEE's business or assets is filed, or is consented to by FRANCHISEE, or a receiver or other custodian is appointed, or if proceedings for composition with creditors under any state or federal law shall be instituted by or against FRANCHISEE, or if the real or personal property of FRANCHISEE or any of the stock in the corporation or any ownership interest in the partnership or company to which this license has been assigned shall be sold or levied upon by any sheriff, marshal or constable, or attempted to be transferred by operation of law or order of court, without the consent of MRI, then and in any of these events, FRANCHISEE shall be in default under this Agreement and all rights granted to FRANCHISEE hereunder shall thereupon terminate without notice to FRANCHISEE upon the date of the occurrence of any of the aforementioned events. However, if FRANCHISEE has not consented to any the bankruptcy action and the action is dismissed within sixty days of its filing, then this Agreement shall be reinstated as of the date it was terminated..

12.8. The following procedures shall be applicable to renewal of this Agreement pursuant to Subsection 12.3:

12.8.1. FRANCHISEE shall give MRI written notice of FRANCHISEE's election to renew or not to renew this Agreement not less than twelve months prior to the end of the then-current term.

12.8.2. If FRANCHISEE fails to give MRI written notice, FRANCHISEE is deemed to have elected to renew this Agreement for a five year term on the same terms and conditions contained in this Agreement.

12.8.3. If FRANCHISEE elects to renew this Agreement or is deemed to have elected to renew this Agreement and MRI determines that FRANCHISEE has not met the conditions for renewal and MRI chooses not to waive these conditions, MRI shall give FRANCHISEE written notice of its decision, and MRI shall terminate this Agreement upon 60 days' notice.

12.8.4. If FRANCHISEE elects to renew this Agreement or is deemed to have elected to renew this Agreement and MRI determines that FRANCHISEE has met the conditions for renewal, MRI may submit the documents provided for in Subsection 12.3 and FRANCHISEE

shall execute and deliver it to MRI within one month after its receipt, and should FRANCHISEE fail to do so, this Agreement shall terminate at the end of the then current term. If MRI does not submit an amendment to FRANCHISEE, or if MRI continues to provide support and services to FRANCHISEE, this Agreement will automatically renew for an additional five years upon the terms then contained in this Agreement as previously amended.

12.8.5. If FRANCHISEE elects not to renew this Agreement, either by giving MRI notice of nonrenewal or by failing or refusing to execute the renewal amendment submitted by MRI (unless waived by MRI), this Agreement shall terminate at the end of the then current term.

12.9. This Agreement may be terminated by FRANCHISEE without cause after the first five years of the initial term and any time during a renewal term by giving MRI at least two months' written notice of the termination date, provided that FRANCHISEE is not in default of any of its obligations at the time of giving notice, that FRANCHISEE shall comply with all of its obligations up through the date of termination, that FRANCHISEE executes any documents required by MRI, and FRANCHISEE pays a termination fee as provided in this Subsection.

The termination fee shall be based on the "Average Monthly Royalty Fee" determined by multiplying the highest consecutive 12 months of FRANCHISEE's Net Cash-In by the royalty fee rate stated in this Agreement and dividing the product by 12. If the termination occurs during the initial term, the Termination Fee equals the Average Monthly Royalty Fee multiplied by the lesser of (i) 60 or (ii) the number of months remaining in the initial term. If the termination occurs during a renewal term, the Termination Fee equals the Average Monthly Royalty Fee multiplied by the lesser of (i) 36 or (ii) the number of months remaining in the renewal term. If FRANCHISEE's Net Cash-In for any month/year is less than the minimum royalty fee for that year or month, then the minimum royalty fee shall be substituted for that month or year. The termination fee must be paid in full prior to the termination date or the termination shall not be effective. MRI has the right to examine FRANCHISEE's books and records within 90 days after the termination date to satisfy itself that the correct termination fee and other fees were paid. FRANCHISEE acknowledges that FRANCHISEE's Net Cash-In may reasonably be expected to increase during the portion of the term after the termination date at a rate greater than inflation, as result of which the termination fee is expected to be substantially less than the royalty fees MRI would receive if this Agreement was not terminated pursuant to this Section, even after reducing the projected fees to present value.

It is not the intention of Section 12.9 to apply to the termination of the Franchise Agreement, where either by choice or ill health, FRANCHISEE decides to leave the recruiting and staffing business permanently. If either by ~~choice or ill health~~ or choice FRANCHISEE elects to leave the staffing and recruiting business permanently, and wishes to terminate the Franchise Agreement, MRI will enter into an agreement terminating the Franchise Agreement without penalty. However, this agreement will contain a provision that if FRANCHISEE re-enters the staffing and recruiting business in any way, within two years after the termination date, the fees specified in this section will be enforced.

### 13. RIGHTS UPON EXPIRATION AND TERMINATION

13.1. Upon the expiration or termination of this Agreement, unless it has been renewed in accordance with Subsection 12.3, FRANCHISEE shall:

13.1.1. not later than the effective date of expiration or termination, cease and thereafter forever abstain from using the MRI Proprietary Marks and any service marks, names, symbols or slogans furnished by MRI to any of its licensees or used by MRI or any of its affiliates, and any other service marks, names or slogans used by FRANCHISEE in the conduct of FRANCHISEE's business pursuant to this Agreement, including but not limited to, the following words, phrases and initials: "Management," "Recruiters," "Recruiter," "Sales," "Consultants," "Compu,"

“Search,” “MR,” “MRI,” “CS,” “SC,” “SCI,” “OM 5,” “Office,” “Mates,” “Five,” “Network,” “Day,” “Star”, or any combination of the words resulting in the initials “MR,” “MRI,” “SC,” “SCI,” “OM,” “OM 5,” or “CS,” in any manner and shall cause any registration of these service marks, names or slogans to be withdrawn and cause FRANCHISEE's corporate, company, or partnership names to be immediately withdrawn, cancelled or changed to a name that is not similar or in any way related to the aforementioned service marks, names, slogans, words, phrases or initials. In addition to the above, prohibited use includes, but is not limited to, using the Marks on any website or social networking site. Upon written request of MRI, FRANCHISEE shall execute immediately all documents as may be necessary or desired by MRI to assign or transfer to MRI (or any person designated by it) and to confirm its ownership of and right to use all of the foregoing names, service marks, slogans, words, phrases or initials; (it being understood and agreed that nothing contained in this Subsection shall be construed as implying any grant of rights in or to any names or marks other than as expressly granted in Subsection 1.1. of this Agreement);

13.1.2. not later than the effective date of expiration or termination, cease and thereafter forever abstain from using the telephone number(s) used for FRANCHISEE's service business in connection with any MRI Marks. FRANCHISEE shall also cancel all Yellow Pages advertising and other telephone book, Internet and directory listings that bear the MRI Marks no later than the effective date of expiration or termination;

13.1.3. not later than the effective date of expiration or termination, destroy or return to MRI, freight prepaid, all instructions, operations manuals, DVDs, CDs, videocassettes, training manuals, computer software and documentation, applications, books, forms and materials, and other documents bearing any of the Marks or any other mark, name or slogan furnished or used by MRI or containing any copyrighted, patented, proprietary, or confidential material of MRI, and thereafter shall not retain or use any of documents and materials or any copies; and MRI is hereby authorized and empowered peaceably to take possession of the foregoing documents and materials;

13.1.4. not later than the effective date of expiration or termination, cease using and relinquish any rights whatsoever in and to any of the service marks, trade names or symbols, and any information secured hereunder and the rights shall revert to MR. This section does not apply to any Private Brand that is not used in connection with any MRI Marks

13.1.5. not later than the effective date of expiration or termination, cease and thereafter forever abstain from using the URL and Internet addresses used for FRANCHISEE's business and immediately cause the URL and Internet addresses to be transferred and assigned to MRI. This section does not apply to any URL that does not contain the MRI Marks;

13.1.6. continue to make, so as to be received by MRI by the tenth day of each of the succeeding months, the reports provided for in Section 2 above, and to continue to make the payments of the royalty and marketing and public relations fees in the manner and at the rates specified in Section 2 above, for any placements that were made or services provided by FRANCHISEE during the term of this Agreement but for which payment to FRANCHISEE was made after the term of this Agreement; and

13.1.7. provide, within 30 days after the request, copies of those books, papers, records and materials described in Subsection 6.17 that have been requested by MRI.

13.2. FRANCHISEE hereby irrevocably constitutes and appoints MRI, and its officers as FRANCHISEE's attorney-in-fact to execute all instruments and to do all things necessary for accomplishing those acts required by FRANCHISEE under this Section if FRANCHISEE fails to perform the post-termination obligations required by this Agreement. Upon demand, FRANCHISEE

immediately shall pay to MRI all costs and expenses, including reasonable attorney's fees, incurred by MRI, to finalize the post termination obligations.

13.3. Upon the effective date of expiration or termination of this Agreement, all money owing to MRI, if any, (including any monies due on the franchise fee specified in Subsection 2.1, and royalty or marketing and public relations fees at the rates specified in Subsection 2.2 for placements that were made or services that were provided by FRANCHISEE for which payment is made to FRANCHISEE on or before the effective date of expiration or termination) shall immediately become due and payable notwithstanding any contrary or inconsistent provision of this Agreement, any note, or other documents, and FRANCHISEE shall pay any monies due and owing on or before the date of termination or expiration. After the effective date of expiration or termination, MRI is under no obligation to repay any monies previously paid to MRI by FRANCHISEE, unless any of the monies represent overpayments not previously credited to FRANCHISEE's account.

13.4. FRANCHISEE agrees that an injunction enjoining any violation of terms of this Section and/or compelling compliance with such terms is appropriate and proper relief for any such violation.

#### 14. INDEMNIFICATION

14.1. The parties hereto acknowledge that this Agreement is one of license only, that FRANCHISEE is acting independently in FRANCHISEE's own business and is not authorized to act for or on behalf of MRI ~~and~~ that MRI, is not authorized to direct the day to day operations of FRANCHISEE's business, or the acts of FRANCHISEE's agents or employees, and that none of the acts or commitments of FRANCHISEE shall in any manner bind or obligate MRI.

14.2. FRANCHISEE shall indemnify and save MRI harmless from all actions, claims, and demands arising out of FRANCHISEE's activities and any claims that the Private Brand Name infringes upon the rights of a third party, and to reimburse MRI for any and all costs, damages and expenses, including reasonable attorney's fees, which any of them pays or becomes obligated to pay by reason of FRANCHISEE's activities or claim of infringement. This Subsection shall not be construed to void or limit any of the other rights granted to MRI or duties assumed by FRANCHISEE pursuant to this Agreement.

14.3. Subject to the provisions of Section 8.3, MRI shall indemnify and save FRANCHISEE harmless from all actions, claims, and demands arising out of MRI's activities and any claims that any of the service marks licensed under this Agreement infringe upon the rights of a third party. MRI shall indemnify and save FRANCHISEE harmless from all actions, claims, and demands arising out of MRI's activities. The indemnifying party shall reimburse FRANCHISEE for any and all costs, damages, and expenses, including reasonable attorney's fees, which FRANCHISEE pays or becomes obligated to pay by reason of any such activities or claims of infringement. FRANCHISEE shall provide MRI with immediate notice of all actions, claims, and demands received by FRANCHISEE and immediately provide MRI with copies of all papers and pleadings received by FRANCHISEE. The indemnifying party shall have complete control over the conduct of all litigation and overall settlement discussions. This Subsection shall not be construed to void or limit any of the other rights granted to FRANCHISEE or duties assumed by MRI pursuant to this Agreement.

14.4. If legislation enacted by or regulation of any governmental body prevents FRANCHISEE from conducting business pursuant to this Agreement, MRI shall not be held liable for damages or be required to indemnify FRANCHISEE in any manner whatsoever or to return any monies received from FRANCHISEE.

#### 15. CONFIDENTIALITY

15.1. FRANCHISEE acknowledges and agrees that the manuals, DVDs, CDs, and computer software and documentation concerning the conduct of the business covered by this Agreement, and any other data, information and methods of operation that are received by FRANCHISEE from MRI are and shall be treated as confidential and are for the sole and exclusive use of FRANCHISEE only during the term of this Agreement in FRANCHISEE's operation of the office at the Location that is franchised under this Agreement, but not thereafter, or elsewhere, or for any other purpose.

15.2. FRANCHISEE agrees not to copy the MRI material or divulge it, directly or indirectly, to any other person or entity at any time, except as may be necessary or desirable to employees of FRANCHISEE during the term of this Agreement.

15.3. FRANCHISEE shall not use, or permit to be used, in the operations of any business (whether or not similar or substantially similar to or competing with the business covered by this Agreement) any know-how, training programs, operations manuals, DVDs, CDs, training manuals, computer software and documentation, or other data, information or expertise, obtained by FRANCHISEE from MRI.

15.4. FRANCHISEE agrees that the issuance of an injunction enjoining any violation of terms of this Section and/or compelling compliance with such terms is appropriate and proper relief for any such violation.

## 16. ARBITRATION

16.1. Except as provided in Subsection 16.3, all controversies, claims, disputes and matters in question arising out of, or relating to, this Agreement or the breach thereof, or the relations between the parties to this Agreement, shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in Philadelphia County Pennsylvania, and shall be governed by the law of the State of Pennsylvania and the Federal Arbitration Act, and shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof, including a federal district court, pursuant to the Federal Arbitration Act, except that arbitrators shall be bound by the statute of limitations found in this Agreement. The fees and expenses of the arbitrator shall be shared equally by both parties. In preparation for the arbitration hearing, each party may utilize all methods of discovery authorized by the Federal Rules of Civil Procedure, and may enforce the right to discovery in the manner provided by the Rules and/or by the Pennsylvania Uniform Arbitration Act.

16.2. The only parties to the arbitration, directly or by representation, shall be the parties to this Agreement and their subsidiaries, provided that persons who are not parties to this Agreement but who are officers, directors, members, and/or employees of the parties to this Agreement may participate upon their agreeing to be bound by the arbitration. The only controversies, claims, disputes, or matters in question that may be considered by the arbitrator are those arising out of, or relating to, this Agreement or other agreements between MRI or its subsidiaries and FRANCHISEE, or the breach of these agreements, or the relations between the parties to this Agreement. The arbitration under this Agreement may not proceed as a class action, joint or representative action. No other arbitration proceeding, controversy, claim, dispute, or matter in question may be included, consolidated, or joined with the arbitration under this Agreement.

16.3. Controversies, disputes, and matters in question regarding the filing of any report and the payment of any fees or other sums required to be paid by FRANCHISEE under the terms of this Agreement are excludable from the foregoing arbitration procedure, at the option of MRI, [and MRI may resort to any court of law or equity with subject matter jurisdiction under the Franchise Agreement.](#)

16.4. MRI may seek temporary and preliminary injunctive relief from any court having jurisdiction over the controversy and the parties in order to protect their rights set forth in Sections 8, 11, 13, and 15, while engaging or preparing to engage in arbitration of the issues.

16.5. FRANCHISEE hereby irrevocably authorizes and empowers any attorney admitted to practice before any Court of record to appear in any such Court on behalf of FRANCHISEE, to confess judgment against FRANCHISEE and in favor MRI for all sums due, together with an attorneys' commission of 33% of the amount due. No single exercise of this warrant of attorney and power of confession shall exhaust same, which may be exercised as often as MRI deems appropriate. Any true copy of this contract shall be the equivalent of an original for all purposes of exercising this warrant and power of confession, any usage or practice to the contrary notwithstanding. Interest shall continue to accrue at the rate of 18% per annum on the amount of any judgment entered by confession.

## 17. CAPTIONS AND TERMINOLOGY

17.1. The captions to each section herein are used solely for convenience and are not a part of this Agreement, or to be used in interpreting it.

17.2. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural. The masculine gender shall include the feminine as well as the neuter gender. The word "person" shall include an individual, corporation, firm, association, company, partnership, or other entity. If FRANCHISEE is more than one person, they shall be bound jointly and severally.

## 18. NOTICES

18.1. Any notice required hereunder or desired to be given by either party to the other shall be by the United States registered, certified, or express mail, postage prepaid, return receipt requested or by commercial courier service with confirmed delivery. If the registered, certified, express mail or courier delivery is refused, unclaimed, or undeliverable, notice may be given personally or by telegram, mailgram, ordinary mail, commercial courier service, fax, electronic mail, or any other commercially reasonable method.

18.2. Notices to MRI shall be addressed to their then principal places of business and to FRANCHISEE at FRANCHISEE's principal place of business or FRANCHISEE's residence address as such addresses are then currently listed on the records of MRI.

## 19. CONSENT

19.1. Whenever the consent or approval of MRI is required herein, the consent or approval shall not be unreasonably withheld, unless the consent or approval is expressly vested in the business judgment of MRI.

## 20. TIME OF THE ESSENCE

20.1. In construing and applying the terms and provisions of the Agreement, time shall be of the essence in each instance.

## 21. APPLICABLE LAW and STATUTE OF LIMITATIONS

21.1. This Agreement shall be deemed an offer by FRANCHISEE and shall become binding when accepted by MRI at its principal offices. This Agreement and all matters relating to or arising out of the relationship between the parties shall be governed in all respects by the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be entirely performed in the Commonwealth, except as provided below, which laws shall prevail in the event of any conflict of laws.

21.2. FRANCHISEE must bring any claim or lawsuit relating to this Agreement no more than three (3) years after the date that any dispute arises from this Agreement.

## 22. CONSENT TO JURISDICTION

22.1. FRANCHISEE hereby irrevocably agrees that any action or proceeding arising out of or relating to this Agreement may be brought in the courts of the Commonwealth of Pennsylvania or in the United States District Court for the Eastern District of Pennsylvania-as MRI may elect. By execution and delivery of this Agreement, FRANCHISEE hereby irrevocably accepts and submits generally and unconditionally, for itself and with respect to its property, to the jurisdiction of any the court in any the action or proceeding, and hereby waives, to the extent permitted by applicable law, defenses based on jurisdiction, venue or *forum non conveniens*. Nothing herein shall affect the right of MRI to commence legal proceedings or otherwise proceed against FRANCHISEE in any other jurisdiction or ~~forum or~~ affect the obligations of the parties relating to arbitration.

## 23. MODIFICATION OR WAIVER

23.1. A modification or waiver of any of the provisions of this Agreement shall be effective only if made in writing and executed with the same formality as this Agreement. This limitation on modification is not subject to oral rescission, modification, or waiver. The failure of any party to insist upon strict performance of any of the provisions of this Agreement shall not be construed as a waiver of any subsequent defaults of the same or different nature.

## 24. SEVERABILITY

24.1. The provisions of this Agreement are severable, it being the intention of the parties that should any provision be found invalid, this invalidity shall not affect the remaining provisions, but the same shall remain in full force and effect as though the invalid provision had not been contained in this Agreement.

## 25. ENTIRE AGREEMENT

25.1. This Agreement contains the entire agreement between MRI and FRANCHISEE, and there are no representations, inducements, arrangements, promises or agreements outstanding between them, either oral or in writing, other than those contained in this Agreement and in the Franchise Disclosure Document. Nothing in this Agreement is intended to disclaim the representations made by MRI in the Franchise Disclosure Document that was given to you.

26. SUCCESSORS AND ASSIGNS

26.1. This Agreement shall be binding upon and shall inure to the benefit of MRI, ~~its subsidiaries~~ and ~~its~~~~their~~ successors and assigns, and shall be binding upon and shall inure to the benefit of FRANCHISEE and FRANCHISEE's heirs, personal representatives (including guardians), but only those assignees of FRANCHISEE whose rights were acquired with the consent of MRI.

27. ACKNOWLEDGMENTS

27.1. FRANCHISEE acknowledges that FRANCHISEE has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks, and that making a success of the venture is largely dependent upon his own business abilities. MRI expressly disclaims the making of, and FRANCHISEE acknowledges that FRANCHISEE has not received nor relied upon any representation, warranty or guaranty, expressed or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement, except as expressly set forth in the Franchise Disclosure Document provided to FRANCHISEE.

27.2. FRANCHISEE expressly warrants that FRANCHISEE has no knowledge of any representation about the ~~franchise~~~~franchised~~ business, by MRI or its officers, directors, shareholders, employees, agents or servants that is contrary to the terms of this Agreement or the documents referred to herein. FRANCHISEE represents to MRI, as an inducement to its entry into this Agreement, that FRANCHISEE has made no misrepresentations in obtaining this Agreement.

27.3. FRANCHISEE acknowledges that FRANCHISEE has received, read and understands this Agreement, the attachments hereto and all disclosure documents delivered in connection herewith; that FRANCHISEE has had ample time and opportunity to review these documents with his own legal counsel and other advisors of his own choosing and to consult with them about the potential benefits and risks of entering into this Agreement; and that MRI has fully and adequately explained the provisions of these documents to the satisfaction of FRANCHISEE.

28. SAVINGS CLAUSE

28.1. If any of the provisions of this Agreement governing termination or nonrenewal are inconsistent with applicable, valid and controlling statutes and/or regulations, then the inconsistent provisions of these statutes and/or regulations shall be deemed to be incorporated by reference in this Agreement, and shall provide the substantive and procedural bases for exercising the rights of termination; provided, however, that the portions of this Agreement that are not inconsistent shall continue in full force and effect.

The parties have executed this Agreement to evidence their agreement to its terms.

FRANCHISEE'S NAME

\_\_\_\_\_  
MANAGEMENT RECRUITERS INTERNATIONAL,  
INC.

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

John McDonald, ~~Stuart Batchelor~~  
~~President~~

## **Exhibit E**

### **MRI Contract Staffing Agreement**

This Agreement is entered into as of \_\_\_\_\_, at Philadelphia, Pennsylvania by and among MRI CONTRACT STAFFING, INC. (or “we” “us”, or “our”) and \_\_\_\_\_ (“you” or “your”).

**1. Your Permanent Placement Business.** You and Management Recruiters International, Inc. (“MRI”) are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”) for the operation of a permanent personal placement business (the “Core Business”). You want to offer temporary staffing services to your clients through our staffing business.

**2. Grant and Limitations.** We grant you the nonexclusive right to operate a temporary staffing business using the methods and systems we have developed on the terms and conditions contained in this Agreement at the location from which you operate your Core Business. You acknowledge that these methods and systems are our proprietary materials and are only loaned to you in connection with this Agreement.

You acknowledge that this Agreement is only a license and that you are acting independently in your own business. You are not authorized to act for or on behalf of us and MRI except as provided for in this Agreement, and that we are not bound or obligated in any way by your acts or commitments except for our commitment to provide contract staffing services on the terms specified in this Agreement. We are not authorized to direct the day to day operations of your business, you or your agents and employees. All persons you employ or retain are your employees or agents and not of us or MRI. You may not payroll any of your employees though us.

MRI grants you a nonexclusive license to do business under the service mark “MRI Contract Staffing” on the terms and conditions contained in this Agreement at the location of your Core Business.

All of your temporary staffing business must be conducted under this Agreement and **any** exception must have our prior written approval.

**3. Our Services.** We will provide all payroll services and administration for the temporary employees you introduce to us, including, but not limited to, payroll financing, recordkeeping, invoicing, payment of all local and federal taxes and filing of tax documents, and required insurance. We may arrange for any of these services to be provided by a third party selected by us. We will negotiate the final contract with the Client (“Client Contract”). You acknowledge that you are not authorized to enter into any Client Contract on our behalf without our prior written approval. Any Client Contract you execute on our behalf without our prior review and approval is null and void, and we will have no obligation to provide any services in connection with any unauthorized Client Contract.

**4. Your Obligations.** You will devote your full time and best efforts to the promotion and advancement of your business under the Franchise Agreement and this Agreement and shall not engage in any activities that might interfere in any manner, directly or indirectly, with the operation of such businesses. You will seek job orders for authorized job categories and recruit, screen and qualify all temporary employees (“Contract Employees”) using industry best practices and following the MRI Code of Ethics, complete and send to us all required forms, and use your best efforts to present our standard form Client Contract to the Client. If our standard form Client Contract is not approved by the Client, you must send us all documentation provided to you by the Client for our review. You

shall require all Candidates to show the identification items and you shall complete any employment eligibility verification required by law or regulation.

**5. Client Approval.** We will conduct a background and credit check on Clients you submit to us. If we approve a Client who later files bankruptcy, you must return all commissions we paid you on any uncollectible invoice. If we disapprove a Client, we, at our sole discretion, may decline to provide services to that Client, or provide services on the condition that you agree to be liable for any uncollectible invoices.

**6. Support.** We will provide you with the required forms and general information on the MRI Contract Staffing business via the MRI intranet. We also provide training in the operation of a contract staffing business, which may include Webinar or classroom training. We may charge a fee for this training. You will be responsible for any costs of room and board while attending any training.

All training and other material we develop are loaned to you for the term of this Agreement, and must be returned to us upon the termination of this Agreement. All such material is our property, even if you paid us any fee for its use.

**7. Client Fees.** You will establish the hourly fee (“Fee” or “Fees”) charged to the Client, but we have the right to adjust the wages of any Contract Employee to ensure compliance with the Fair Labor Standards Act or applicable state law and to deduct all such additional wages, overtime and tax liabilities from your portion of the fees. You have the sole right to determine the fees charged that result from the Client’s election to offer permanent employment to the Contract Employee.

**8. Fees payable to you.** Gross Margin is equal to the Bill Rate (the fee charged to Client) less any refunds or discounts, the Pay Rate (the amount paid to the Candidate), the Burden Rate (the cost of taxes, insurance, and other obligations required by law), the Charge Back amounts (for any delinquent or uncollected invoices, collection fees paid to agencies or law firms to collect unpaid Client invoices, unauthorized positions, any outstanding amount owed to us or our affiliates in this or any other agreement, bad check fees for checks issued by Clients). The fee we charge is based on your Average Weekly Gross Margin for the accounting month as set forth in the Schedule below. The Average Weekly Gross Margin shall equal the total Gross Margin for all your placements per accounting month divided by the number of weeks (either four or five) in that accounting month.

<b>Average Weekly Gross Margin For Prior Accounting Month</b>	<b>MRI Contract Staffing Service Fee</b>
Less than \$3,999	30%
\$4,000 to \$7,999	27%
\$8,000 to \$13,999	24%
\$14,000 to \$19,999	21%
\$20,000 or higher	18%

The Gross Margin less our fee equals the Net Margin that is paid to you.

We may, in our sole discretion, change the above formula for determining fees by providing six months notice of such change. We will endeavor to announce such changes via our e-mail to those offices that have signed MRI Contract Staffing Agreements.

We will use our best efforts to pay you by the 25<sup>th</sup> of each month and may elect to do so before the Client pays our invoice. If business requirements change or if we, in our sole judgment become concerned about a Client's ability to pay, we may elect to pay you only after the Client has paid the invoice. The portion of the Net Margin paid to you under this Agreement does not constitute Net Cash In under the Franchise Agreement. Payments made to you for permanent placements of temporary employees (sometimes known as conversion fees) are Net Cash In under the Franchise Agreement.

**9. Collection.** We will invoice the Client and establish collection procedures and aging reports. At our request, you shall assist us in collecting delinquent invoices. You may not adjust or settle any amount of any invoice without our prior written approval. If any Client pays any contract staffing invoice directly to you, you will have received these funds in trust for us. You may not convert or deposit these funds and you must forward them to us within 24 hours of receipt, with proper endorsement, if needed. All accounts receivable for temporary staffing services rendered by you are from their inception, and remain, our property. You shall have no right, title or interest in or to any account receivable at any time, unless it is assigned to you, in writing, by us.

**10. Uncollectible Invoices.** We will conduct credit checks on all new Clients. If we approve the Client, we will be solely responsible for nonpayment that arises from insolvency up to the approval dollar limit. In such event, you must repay us only any Net Margin Fees we paid to you. In all other cases, you are solely responsible for unpaid Client invoices and must reimburse us for any monies we paid to anyone in connection with that Client that are uncollectible. The determination of whether a debt is "uncollectible" is at our sole discretion. If at any time, the Net Margin due to you is a negative amount, you shall pay us the negative amount within ten (10) days after we notify you of the deficit.

**11. Insurance.** We will maintain Workers Compensation insurance for each Contract Employee and other business insurances appropriate for our operations. You will maintain all insurance coverage required by the Franchise Agreement with any additional insurance that is recommended, customarily maintained and/or required by the Client for the operation of a contract staffing business. Your insurance shall be primary to our insurance and without right of contribution from any insurance purchased by us or MRI.

**12. Authorized Job Categories.** You will only recruit and fill Client assignments within the following general work categories: executive, management, administrative, professional, technical, and sales, and such other categories as may from time to time authorized by us in writing in each instance. We may direct you not to provide Contract Employees in any category or field that we designate, without our prior written approval in each instance and you shall comply with such directives. If you provide Contract Employees for any unauthorized job category, you are solely responsible for the employer liabilities (e.g., Workers' Compensation, FICA, FUTA and SUTA) and any unpaid fees even if we did approve the Client as well as payments described in Section 13.

**13. Unauthorized Job Categories.** You may not recruit or refer to us any Contract Employee for any Client looking to fill heavy, medium, light or any other industrial positions; construction, craft and/or trade positions; any manual labor positions; any positions employing minors (under 18 years of age); positions that require driving; positions handling money (e.g. cash, checks money orders); positions that require lifting greater than or equal to 25 lbs; positions that require working at or from home; medical, clinical and/or healthcare professional positions; aircraft maintenance or mechanic positions; police, fire, security guard or other similar positions; child care or any position working with minors; any positions not located in standard office environment 100% of the time; any position that involves performance responsibility, e.g., a commitment to produce a certain outcome or result for the Client; positions that require the employee to work outside the United States; assignments that require invoicing on other than a

weekly basis, assignments that have a billing rates below our minimum markups; or any other assignments or positions we disapprove or prohibit. You will be responsible for payment of all claims, damages or penalties that may be incurred as a result of such unauthorized staffing assignments.

You will not, without our prior written approval, accept any contract staffing assignments from Clients that: do not charge an hourly rate, have in the past or currently demonstrate an unacceptable payment policy, have, in our sole discretion, unsatisfactory credit histories, have outstanding invoices more than sixty days in arrears, or that require insurance that we do not have or are unwilling to secure or that we cannot secure on a basis we deem reasonable

You must immediately withdraw a Contract Employee from a Client's service at our direction if we deem it necessary for reasons of unacceptable financial risk or because the position is one barred in this Agreement.

We may from time to time provide alternative staffing or pay rolling sources for some of the job categories we prohibit. If you utilize an alternative staffing or pay rolling source, your only obligation will be to pay the standard royalty fee provided in your Franchise Agreement on any net margin fees you received from this alternative staffing source. If you want to offer Contract Employees through any staffing or pay rolling company other than us or our alternative staffing source companies, you must obtain our prior written approval.

**14. Pay Rolling Only Service.** You may request that we act as payroll agent to pay employees recruited by the Client to perform contract services for the Client. We, in our sole discretion, will have the right to approve or reject any payroll service orders. You may not finance the payroll for any Client, nor may you engage another staffing company to do it for you without our prior written approval.

**15. Litigation or Claims.** If any action or proceeding is brought against you relating to your business under this Agreement, you will immediately provide us with copies of all pleadings and papers relating to the action or proceeding and will keep us informed regarding the progress and outcome of such action or proceeding. You will help us obtain any necessary documentation and forms required from employees by applicable law. You will cooperate fully with us in the defense of any Workers Compensation, unemployment or any other claims made by the Contract Employees, any Client or any other person or entity relating to any staffing assignment.

**16. Restriction of Competition.** During the term of this Agreement, you and the members of your immediate family and their respective spouses shall not, directly or indirectly, engage in, have a financial interest in, or be associated in any manner with, any business which engages in any aspect of the recruiting or Contract Staffing business, specifically including, but not limited to, serving as or becoming a principal, agent, director, stockholder, officer, investor, manager, trustee, representative, employee, account executive, counselor, consultant, trainer, or field operations person for such business. Nothing contained in this section shall preclude any such person from holding any such status with MRI or with or as a franchisee of MRI.

**17. Interoffice Referrals (IOR).** We will provide you with access to our IOR system for potential Contract Employee candidates. In the event of any dispute with another MRI Contract Staffing office about a fee or any portion of it, it must be resolved through the IOR Arbitration process provided for in the Agreement to Arbitrate signed in conjunction with the Franchise Agreement. We may, but are not obligated to, withhold payment of Net Margin fees to you pending a settlement or resolution of the dispute. If we have paid any funds that are in dispute to one of the parties, we shall be relieved of any obligation to the other parties, which instead shall assert their claims only against the party or parties that received the funds in dispute.

**18. Reports and Records.** You and/or any entity through which you conduct the temporary staffing business must send us any reports or records that we reasonably require. These may include, but are not limited to, an income and expense report and balance sheet for your fiscal year. You must send us a copy

of your individual tax return or the tax return of any entity through which you operate the contract staffing business within 30 days after it is filed.

**19. Proprietary Marks.** The “Proprietary Marks” means all trade names, trademarks, service marks and logos or slogans licensed to you under this Agreement. You acknowledge that MRI is the sole owner of the Proprietary Marks and of any goodwill associated with them, that you may only use the Proprietary Marks in the manner permitted in this Agreement. You may not attempt to register or attempt to register the proprietary marks in your own name or as part of any fictitious name. You must notify us and MRI if you discover any unauthorized use of the Proprietary Marks.

**20. Transferability.** We may transfer all or any part of our rights and obligations under this Agreement without your permission. This Agreement is personal to you. It may not be transferred, sublicensed, shared or divided in any way, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise without our prior written approval, and only in conjunction with the transfer of your rights under your Franchise Agreement and shall be subject to the terms and conditions relating to transfer found in the Franchise Agreement.

**21. Term.** The term of this Agreement is co-extensive with the term of the Franchise Agreement, including any renewals or extensions, and unless terminated in accordance with this Agreement, it shall automatically terminate upon the termination or expiration of the Franchise Agreement.

**22. Suspension of Services/Right of Set Off.** If you are in default of the Franchise Agreement, or of this Agreement, we may cease providing services to you until such time as, in our reasonable judgment, your default has been resolved to our satisfaction. If you owe MRI money under the Franchise Agreement, this Agreement or any other agreement with us or our affiliates, we may apply such monies earned under this Agreement to your arrearage under the Franchise Agreement, this Agreement or to any other arrearage owed to us or our affiliates.

**23. Termination by Us.** We may terminate this Agreement and the license granted in it within thirty (30) days after written notice if: (a) you fail to submit any report or document required by this Agreement, (b) you fail to pay us any money owed to us within fourteen (14) days after its due date; or (c) you breach any provision of this Agreement or any other agreement with us or our affiliates. We may terminate this Agreement upon written notice if (a) you are convicted of a felony or of any crime involving moral turpitude; b) you commit any act that damages the goodwill associated with the Proprietary Marks or (c) you have received two notices to cure defaults within a twelve month period and you commit an additional default of this Agreement even if such prior defaults were rectified.

**24. Termination by You.** You may terminate this Agreement without cause after the first five years of its initial term or any time during any renewal term on the conditions described in this Section. You must be in full compliance with this Agreement, the Franchise Agreement, and with any other agreements with us or our affiliates; you must sign all documents we require, your Clients must be current in all receivables and you must pay us a termination fee. You must give us at least two months written notice of the termination, execute all documents we require, and pay us a contract staffing termination fee as provided in this Subsection. The contract staffing termination fee shall be based on the contract staffing service fee and will be calculated based on the highest average monthly Gross Margin during a consecutive 12-month period dating back to the inception of your agreement. The contract staffing termination fee will be determined by multiplying this average monthly Gross Margin by the highest MRI Contract Staffing Service Fee within that 12-month period multiplied by the lesser of 60 months or the number of months remaining before the end of the contract term. The contract staffing termination fee shall be paid in full prior to the termination date or the termination shall not be effective.

**25. Post Termination Obligations.** Upon termination, you must pay us any monies owed to us pursuant to this Agreement or the Franchise Agreement; you must stop trading as MRI Contract Staffing; you must destroy or return to us any items bearing the Proprietary Marks, including “MRI Contract Staffing”;

cancel any telephone or Internet directory listings that contain the Proprietary Marks; and, remove any reference to the Proprietary Marks from any websites including any url.

**26. Indemnity.** You agree to indemnify, defend and hold us and MRI and their affiliates, employees, officers and representatives harmless from and against any claims, demands, losses, suits, actions, proceedings or liabilities, or expenses, including reasonable attorneys fees that we incur relating to damages or injury of any sort or description, whether suffered by us, you or any third party, arising out of or in any way related to (i) your breach of any provision of this Agreement; or (ii) your activities, including your acts or omissions in connection with this Agreement. If legislation enacted by or regulation of any governmental body prevents you from conducting business pursuant to this Agreement, we shall not be held liable for any damages nor be required to indemnify you in any manner whatsoever or to return any monies received from you.

**27. Confidentiality.** You acknowledge that the information, training and any material we provide you in connection with this Agreement are and must be treated as confidential and are for your sole use only during the term of this Agreement.

**28. Dispute Resolution.** Except as provided in the next paragraph, all controversies, claims, disputes and matters in question arising out of, or relating to, this Agreement or the breach thereof, of the relations between the parties, shall be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in Philadelphia, PA and shall be governed by the law of the State of Pennsylvania and the Federal Arbitration Act, and shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof, including a federal district court, pursuant to the Federal Arbitration Act. The fees and expenses of the arbitrator shall be shared equally by both parties. In preparation for the arbitration hearing, each party may utilize all methods of discovery authorized by the Federal Rules of Civil Procedure, and may enforce the right to such discovery in the manner provided by said Rules and/or by the Pennsylvania Arbitration Law.

The only parties to such arbitration, directly or by representation, shall be the parties to this Agreement (you and us) and their subsidiaries, provided that persons who are not parties to this Agreement but who are officers, directors, members, and/or employees of the parties to this Agreement may participate upon their agreeing to be bound by such arbitration. The only controversies, claims, disputes, or matters in question that may be considered by the arbitrator are those arising out of, or relating to, this Agreement or other agreements between us or our subsidiaries and you, or the breach of such agreements, or the relations between the parties to this Agreement. The arbitration under this Agreement may not proceed as a class action. No other arbitration proceeding, controversy, claim, dispute, or matter in question may be included, consolidated, or joined with the arbitration under this Agreement.

Controversies, disputes, and matters in question regarding the filing of any report and the payment of any fees or other sums required to be paid by you under the terms of this Agreement are excludable from the foregoing arbitration procedure, at our option. You agree to reimburse us for any and all costs associated with any collection efforts we must make to collect payments due under this Agreement.

You irrevocably agree that any action or proceeding arising out of or relating to this Agreement may be brought in the courts of the State of Pennsylvania or in the United States District Court for the Eastern District of Pennsylvania as we may elect. By execution and delivery of this Agreement, you irrevocably accept and submit generally and unconditionally, for yourself and with respect to your property, to the jurisdiction of any such court in any such action or proceeding, and you waive, to the extent permitted by applicable law, defenses based on jurisdiction, venue or *forum non conveniens*. Nothing in this Agreement shall affect our right to commence legal proceedings or otherwise proceed against you in any other jurisdiction or affect the obligations of the parties relating to arbitration.

**29. Notices.** Any notice required hereunder or desired to be given by either party to the other shall be by the United States registered, certified, or express mail, postage prepaid, return receipt requested or by commercial courier service with confirmed delivery. If such registered, certified, or express mail is refused, unclaimed, or undeliverable, notice may be given personally or by telegram, mailgram, ordinary mail, commercial courier service, fax, electronic mail, or any other commercially reasonable method.

**30. Consent to Jurisdiction.** You hereby irrevocably agree that any action or proceeding arising out of or relating to this Agreement may be brought in the courts of the State of Pennsylvania or in the United States District Court for the Eastern District of Pennsylvania, as we or MRI may elect. By execution and delivery of this Agreement, you hereby irrevocably accept and submit generally and unconditionally, for yourself and with respect to your property, to the jurisdiction of any such court in any such action or proceeding, and hereby waive, to the extent permitted by applicable law, defenses based on jurisdiction, venue or forum non conveniens. Nothing herein shall affect the right of us or MR to commence legal proceedings or otherwise proceed against you in any other jurisdiction or affect the obligations of the parties relating to arbitration.

**31. Acknowledgements.**

**31.1.** You acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves business risks, and that making a success of the venture is largely dependent upon your own business abilities and efforts. We expressly disclaim the making of, and you acknowledge that you have not received nor relied upon any representation, warranty or guaranty, expressed or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

**31.2.** You acknowledge that several of our affiliates have been and will be engaged in the placement of interim executives and other interim and temporary personnel.

**31.3.** You hereby expressly warrant that you have no knowledge of any representation about the licensed business, by us, or MRI or their officers, directors, shareholders, employees, agents or servants that is contrary to the terms of this Agreement. You represents to us, as an inducement to your entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

**31.4.** You acknowledge that you have received, read and understand this Agreement; and that you have had ample time and opportunity to review such documents with your own legal counsel and other advisors of your own choosing and to consult with them about the potential benefits and risks of entering into this Agreement.

**32. Entire Agreement.** This Agreement and any attachments referenced herein constitutes the entire agreement between you and us in connection with temporary staffing services, and supersedes all prior and contemporaneous agreements and understandings, and no other understanding which modifies the terms hereof shall be binding unless made in writing and signed by authorized representatives of both parties.

**33. Independent Contractors.** You and we will act as independent contractors and neither of us shall act as agent or partner of the other for any purpose whatsoever. This Agreement does not constitute, create, give effect to, or otherwise recognize a joint venture, agency, partnership, or formal business organization of any kind, and the rights and obligations of the parties shall be only those expressly set forth herein. Nothing contained in this Agreement shall be construed as providing for the sharing of profits or losses arising from the efforts of all or any of the parties.

**34. LIMITATION OF LIABILITY.** OUR TOTAL LIABILITY TO YOU FOR ANY CLAIMS, LIABILITIES, DEMANDS, LOSSES, EXPENSES OR DAMAGES WHATSOEVER, ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT FROM ANY CAUSE OR CAUSES

SHALL (I) BE LIMITED TO THE EXTENT CAUSED BY OUR NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF OUR SERVICES; (II) IN THE AGGREGATE NOT EXCEED ONE HUNDRED PERCENT OF THE FEES RECEIVED BY US UNDER SECTION 8 DURING THE SIX MONTHS PRIOR TO THE DATE UPON WHICH THE EVENTS GIVING RISE TO THE LIABILITY OCCURED; AND (III) NOT INCLUDE ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES, OR LOSS OF PROFITS, USE OR DATA.

**35. INCORPORATION OF TERMS IN THE FRANCHISE AGREEMENT.** The following captioned provisions of the Franchise Agreement are incorporated in this Agreement by reference except to the extent that any such provisions conflict with the express terms of this Agreement:

TRANSFERABILITY OF LICENSE; CAPTIONS AND TERMINOLOGY; CONSENT; TIME OF THE ESSENCE; APPLICABLE LAW; MODIFICATION OR WAIVER; SEVERABILITY; SUCCESSORS AND ASSIGNS AND SAVINGS CLAUSE.

The parties have executed this Agreement to evidence their agreement with its terms.

\_\_\_\_\_  
FRANCHISEE

**MRI CONTRACT STAFFING, INC.**

By: \_\_\_\_\_  
| John McDonald~~Stuart Batchelor~~, President

**EXHIBIT F**  
**AGREEMENT TO ARBITRATE**

This Agreement is entered into between Management Recruiters International, Inc. ("MRI") and the undersigned Franchisee ("FRANCHISEE") as of \_\_\_\_\_, 20\_\_.

**RECITALS**

FRANCHISEE is a franchisee of MRI.

FRANCHISEE and the entire MRINetwork benefit if disputes relating to placement fees are resolved by arbitration instead of litigation.

FRANCHISEE and the MRINetwork benefit if client companies are not invoiced by multiple MRINetwork Offices arising out of the placement of the same candidate.

**AGREEMENTS**

The parties agree as follows:

FRANCHISEE will arbitrate all disputes with other MRINetwork Offices arising from or relating to Interoffice Referrals and other claims for fees, in accordance with the then current IOR Arbitration Rules.

If FRANCHISEE becomes involved in a situation in which FRANCHISEE's office and another MRINetwork Office(s) are each claiming the right to be paid a fee for the placement of the same candidate with the same client company, they must submit the claim to arbitration in accordance with the then current IOR Arbitration rules provided that all parties have signed the Agreement to Arbitrate. It is critical to the MRINetwork that clients are not subjected to multiple claims by MRINetwork Offices for payment for the same candidate.

The arbitrators will determine if one office's efforts did more to cause the placement. However, the arbitrators may (but need not) apportion the fee between Offices.

If more than one Office is involved in the same dispute relating to a fee, all of the involved Offices that have agreed to arbitration of disputes shall participate in the same arbitration, to avoid inconsistent results. If FRANCHISEE fails or refuses to participate in an IOR Arbitration that involves FRANCHISEE's Office, the dispute will be submitted to the arbitrators without FRANCHISEE's statement of facts or other input and the arbitrators' decision shall be binding upon FRANCHISEE.

This Agreement does not apply to disputes between FRANCHISEE and MRI that are subject to mediation or arbitration pursuant to the Franchise Agreement between FRANCHISEE and MRI or to disputes among the owners of a single franchise or to disputes between Offices relating to current or former employees.

An award rendered by a majority of the arbitrators shall be final and judgment may be entered upon it in any court having jurisdiction.

FRANCHISEE shall not bring any litigation, arbitration, administrative action or any other action of any nature against any arbitrator arising from or relating to any arbitration decision involving FRANCHISEE's Office.

This Agreement shall continue in effect until the parties mutually agree in writing to modify or terminate it.

\_\_\_\_\_  
MANAGEMENT RECRUITERS  
INTERNATIONAL, INC.

By: \_\_\_\_\_  
John McDonald ~~Stuart Batchelor~~, President

EXHIBIT G

**PROMISSORY NOTE**

\$55,000

PHILADELPHIA,  
PENNSYLVANIA

\_\_\_\_\_, 2014

The undersigned, for value received, promises to pay to the order of Management Recruiters International, Inc. ("MRI"), a Delaware corporation, the sum of Fifty Five Thousand Dollars and No Cents (\$55,000) payable on 8 equal quarter installments of \$6875.00 beginning the 13<sup>th</sup> month after the date of this Promissory Note.

In the event that any default be made in the payment due hereunder, then, at the option of any holder of this Note, the entire amount of principal and interest remaining due shall at once become due and payable, and if any default occurs, the failure of the holder to exercise the foregoing acceleration right shall not constitute a waiver of such right. Any installment of principal not paid when due shall bear interest from its due date at the rate of twelve percent (12%) per annum, including all payments which have become due by reason of the exercise of the foregoing acceleration right.

The undersigned shall reimburse the holder for all costs and expenses, including reasonable attorney's fees, incurred in the collection and determination of amounts due hereunder.

All payments due hereunder shall be made at: MRINetwork, 88039 Expedite Way Chicago, IL 60695-0001 or at such other place as the holder hereof may designate in writing to the undersigned.

All payments due hereunder shall be applied first to interest and then to principal.

The undersigned waive presentment, protest and notice of dishonor, and diligence in bringing suit against any party hereto, and consent that the time of payment may be extended from time to time, either before or after maturity, without notice to them.

All rights, powers, privileges and immunities herein granted MRI shall extend to its successors and assigns and to any legal holder of this Note.

This Note shall be governed by the Laws of the Commonwealth of Pennsylvania

**EXHIBIT G**  
**SECURITY AGREEMENT**

\_\_\_\_\_, of \_\_\_\_\_, City of \_\_\_\_\_ County of \_\_\_\_\_, State of \_\_\_\_\_, DEBTOR, and MANAGEMENT RECRUITERS INTERNATIONAL, INC., SECURED PARTY, of Philadelphia, Pennsylvania, agree as follows:

**SECTION I**  
Creation of Security Interest

DEBTOR grants to SECURED PARTY a security interest in the collateral described in Section Two of this Security Agreement to secure payment of a promissory note of even date in the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), payable by DEBTOR to SECURED PARTY.

**SECTION II**  
Collateral

The collateral of this Security Agreement shall be the property described below together with any additions and accessions thereto, hereinafter called the "Collateral":

All accounts receivable, computer and data processing equipment now owned or subsequently acquired by DEBTOR, including but not limited to CPUs, terminals, monitors, printers, modems, keyboards, power supplies, and drive units, and all software programs and data bases now owned or subsequently acquired or created by DEBTOR and any proceeds from any sale of such items.

**SECTION III**  
Payment Obligations of Debtor

A. DEBTOR shall pay to SECURED PARTY any sum due or that may become due pursuant to the promissory note.

B. The Collateral will be kept at the office of the DEBTOR in the franchised territory granted to the DEBTOR by the SECURED PARTY.

C. DEBTOR will notify SECURED PARTY of any change in the location of the Collateral and will not remove the Collateral from the state in the franchised territory of the DEBTOR is located without the prior written consent of SECURED PARTY. The SECURED PARTY may examine and inspect the property at any time, wherever located.

D. The Collateral is to be used primarily in business use.

E. DEBTOR shall pay to SECURED PARTY on demand all expenses and expenditures incurred or paid by SECURED PARTY in exercising or protecting its interests, rights, and remedies under this Security Agreement.

**SECTION IV**  
Debtor's Representations, Warranties, and Agreements

A. Except for the security interest granted hereby, DEBTOR is the owner of the Collateral free  
March 2012

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from any prior lien, security interest or encumbrances, and DEBTOR will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

B. DEBTOR will not sell or offer to sell or otherwise transfer or encumber the property without written consent of SECURED PARTY, will keep the Collateral in good order and repair, and will not waste or destroy the Collateral.

C. DEBTOR will keep the Collateral insured at all times against loss by fire, theft, and other hazards concerning which, in the judgment of the SECURED PARTY, insurance protection is reasonably necessary, in a company or companies satisfactory to the SECURED PARTY and in amounts sufficient to protect SECURED PARTY, against loss or damage to said Collateral; that copies of such policy or policies of insurance will be delivered to the SECURED PARTY, together with loss payable clauses in favor of the SECURED PARTY as its interest may appear, in form satisfactory to the SECURED PARTY.

D. At its option, SECURED PARTY may discharge taxes, liens, or security interests or other encumbrances at any time levies are placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. DEBTOR agrees to reimburse SECURED PARTY on demand for any payment made. or any expense incurred by SECURED PARTY pursuant to the foregoing authorization. Until default DEBTOR may have possession of the Collateral and use it in any lawful manner not inconsistent with any policy of insurance thereon.

E. DEBTOR will promptly notify SECURED PARTY of any change of location of its place of business.

F. Except for any financing statement in favor of SECURED PARTY, no financing statement covering any of the collateral or the proceeds of the collateral is on file in any public office. DEBTOR has not granted or given, and shall not grant or give, a security interest in or a financing statement covering any of the collateral to anyone other than SECURED PARTY. On demand, DEBTOR will execute and deliver to SECURED PARTY such financing statements and other papers and do all acts as in the judgment of SECURED PARTY may be necessary or appropriate to establish and maintain a valid and prior security interest in the collateral. On DEBTOR's failure to do so, SECURED PARTY may sign any financing statements or other papers on behalf of DEBTOR. DEBTOR shall pay all costs of any filing or financing statements or other papers.

#### SECTION V. Events of Default

DEBTOR will be in default on the happening of any of the following events or conditions (referred to below as an event of default):

A. DEBTOR's failure to pay when due any indebtedness secured by this Security Agreement, whether principal or interest.

B. Default by DEBTOR in the punctual performance of any of the obligations, covenants, terms, or provisions contained or referred to in this Security Agreement.

C. DEBTOR's dissolution or other termination of existence, merger or consolidation with another, termination of the franchise agreement issued by SECURED PARTY to DEBTOR, insolvency, forfeiture of right to do business, business failure, appointment of a receiver of any part of property of, the calling of any meeting of or the assignment for the benefit of creditors by, or the commencement of any

proceedings under any bankruptcy or insolvency laws by or against DEBTOR or any guarantor or surety for DEBTOR.

D. At any time, in the opinion of SECURED PARTY, the financial condition of DEBTOR becomes impaired or the collateral becomes insufficient in character or value.

## SECTION VI.

### Secured Party's Remedies on Default

A. On the occurrence of an event of default, and at any time thereafter, SECURED PARTY may, without notice to DEBTOR, declare all or any of the obligations secured by this agreement immediately due and payable and will have, in addition to all other rights and remedies, the rights and remedies of a SECURED PARTY under Division 9 of the Pennsylvania Uniform Commercial Code, including, but not limited to, the right to sell or otherwise dispose of any or all of the collateral.

B. SECURED PARTY will give DEBTOR notice of the time and place of public sale of the collateral or of the time after which any private sale or other intended disposition is to be made by sending notice, as provided below, at least ten (10) days before the sale or disposition, which provisions for notice DEBTOR agrees are reasonable.

C. After deducting all costs and expenses of every kind incurred or incidental to preparing for sale or of selling or otherwise disposing of the collateral or in any way relating to SECURED PARTY's rights, which costs and expenses DEBTOR agrees to pay, SECURED PARTY may apply the net proceeds of any sale or other disposition of the collateral to payment of one or more of the obligations secured by this Security Agreement, whether due or not, in such order as SECURED PARTY may elect. In applying net proceeds to payment of obligations, proper rebate for any unearned interest or discount will be made. Only after full payment of all obligations and any other payments SECURED PARTY may be required by law to make, need SECURED PARTY account to DEBTOR for any surplus. DEBTOR shall remain liable to SECURED PARTY for the payment of any deficiency with interest at the rate provided by the promissory note and/or franchise agreement.

D. No act, delay, omission, or course of dealing between DEBTOR and SECURED PARTY will be a waiver of any of SECURED PARTY's rights or remedies under this Security Agreement, and no waiver, change, modification, or discharge in whole or in part of this Security Agreement or any of any obligations secured by this Security Agreement will be effective unless in writing signed by SECURED PARTY. A waiver by SECURED PARTY of any rights and remedies under the terms of this Security Agreement or with respect to any obligation secured by this Security Agreement on any occasion will not be a bar to the exercise of any right or remedy on any subsequent occasion. All rights and remedies of SECURED PARTY under this Security Agreement are cumulative and may be exercised singly or concurrently and the exercise of any one or more of them will not be a waiver of any other.

## SECTION VII.

### Notices

Any notice to SECURED PARTY will be effective only on its receipt by SECURED PARTY. Any requirement of giving notice to DEBTOR may be sent by mailing the notice, postage prepaid, to the DEBTOR whose name appears first below to its last known address appearing on SECURED PARTY's records.

SECTION VIII.  
Successors and Assigns

All rights and remedies of SECURED PARTY inure to the benefit of its successors and assigns.

SECTION IX.  
Definition of "DEBTOR"

As used in this Security Agreement, "DEBTOR" is singular or plural according to the number of persons signing this Security Agreement and includes DEBTOR's heirs, executors, or administrators, successors, representatives, receivers, and trustees. "SECURED PARTY" includes its successors and assigns.

SECTION X.  
Joint and Several Agreement

If this Security Agreement is signed by more than one person as DEBTOR, it will be the joint and several agreement of all signing.

SECTION XI.  
Effect of Partial Invalidity

If any provision of this Security Agreement is invalid or unenforceable under any law, such provision is, and will be, totally ineffective to that extent, but the remaining provisions will be unaffected.

SECTION XII.  
Section Headings

Section headings used in this Security Agreement are for convenience only and are to be given no substantive meaning or significance whatever in construing the terms and provisions of this agreement.

SECTION XIII.  
Governing Law

This Security Agreement shall be interpreted in accordance with the laws of the Commonwealth of Pennsylvania in force at the date of this Security Agreement.

MANAGEMENT RECRUITERS INTERNATIONAL,  
INC.

By: \_\_\_\_\_  
John McDonald~~Stuart Batchelor~~, President

**EXHIBIT H**  
**SAMPLE COMMITMENT LETTER**

Date:

Roberta Marcantonio  
Director of Franchise Sales  
| ~~1818 Market~~ 1717 Arch Street, ~~13<sup>th</sup>~~ 35<sup>th</sup> Floor  
Philadelphia, PA 19103

Dear Roberta,

Enclosed is my cashier's check in the amount of \$10,000 to be applied to the initial franchise fee of \$65,000. Please note that this is a non-refundable deposit to be credited toward my proposed purchase of a Management Recruiters franchise described as Management Recruiters of \_\_\_\_\_. Upon making this payment, I am entitled to participate in the first four weeks of training.

The balance of \$55,000 of this fee will be placed on a Promissory Note.

I understand that this letter will secure a position for me in the \_\_\_\_\_ New Office Development Training program and entitle me to the financing described above if my background and credit examination is satisfactory to MRI.

It is my intention to execute a Franchise Agreement with Management Recruiters International, Inc. on or before \_\_\_\_\_.

I agree that this deposit is non-refundable should I withdraw from this transaction or fail to sign a franchise agreement.

Sincerely,

Prospect  
Prospect Address

**EXHIBIT I**  
**ADDENDUM**  
**RELATING TO**  
**Management Recruiters**  
**(OR SALES CONSULTANTS) FRANCHISE**  
**AGREEMENT**

THIS ADDENDUM TO MANAGEMENT RECRUITERS (OR SALES CONSULTANTS) FRANCHISE AGREEMENT (the “(Addendum)”) is made and entered into on \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_, \_\_\_\_\_, by, between and among Management Recruiters International, Inc., a Delaware corporation, located 1717 Arch~~at 1818 Market~~ Street, 35th~~13<sup>th</sup>~~ Floor, Philadelphia, Pennsylvania (“Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ PA-19103, a Delaware corporation, (“MRI”), and \_\_\_\_\_, located at \_\_\_\_\_ (“~~at~~ \_\_\_\_\_ (Franchisee)”).

**Recitals: Franchisor:**

~~MRI~~ and Franchisee entered into a Management Recruiters (or Sales Consultants) Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_ (the “~~dated~~ \_\_\_\_\_ (Franchise Agreement)”). ~~The~~ Franchisee agreed among other things to operate and maintain a franchise designated by Franchisor as “Management Recruiters of \_\_\_\_\_.” \_\_\_\_\_ Franchisee has obtained from a lender a loan (the “Loan”) in which funding is provided with the assistance of the United States Small Business Administration (the “SBA”). ~~The~~ SBA requires the execution of this Addendum as a condition for obtaining ~~the~~ SBA -assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- 1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured as of~~on~~ the date hereof.

- 2. The following is added to the end of Section 9.2 of the Franchise Agreement:

Franchisor may not exercise a right of first refusal: (a) if a proposed transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed transfer, have an ownership interest in Franchisee or the franchised business, and who have guaranteed Franchisee’s obligations under a then-outstanding indebtedness which

is guaranteed by the SBA (an “Owner/Guarantor”); or (b) if a proposed transfer involves a person other than an Owner/Guarantor and the proposed transfer involves a noncontrolling ownership interest in Franchisee or the franchised business, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in Franchisee or in the franchised business, or (2) Franchisor (in combination with all of Franchisor’s franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

Franchisor's right to approve or to disapprove a proposed transfer or transferee, or to exercise its right of first refusal with respect to a transfer of a controlling interest in Franchisee or Franchisee's business, shall not be affected by any of the foregoing provisions. If Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that Franchisor's exercise of its right of first refusal may result in an SBA-guaranteed loan becoming immediately due and payable.

- 3. Under Sections 9.5 and 10 of the Franchise Agreement, Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee ~~that~~which requires Franchisor's consent. ~~under Sections 9. and 10.1 of the Franchise Agreement.~~
- 4. ~~Notwithstanding anything to the contrary in~~ under *Section 9.12* of the franchise agreement, ~~Franchisee's -any-~~SBA ~~lender~~financed franchise will be granted a security interest in~~lien on~~ the business assets of ~~the~~ franchisee as may be required by Franchisee's~~in its~~ loan authorization.
- ~~Notwithstanding anything else in Sections 9.2 and 9.5.2 of the Franchise Agreement, MRI will not exercise its right of first refusal so as to become a partial owner of the Franchised Business.~~
- This Addendum automatically terminates on the earliest to occur of the following:

(i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) [the](#) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum [to Management Recruiters \(or Sales Consultants\) Franchise Agreement](#) as of the day and year first above written.

**FRANCHISOR:**

**FRANCHISEE:**

[Management Recruiters International Inc.](#) \_\_\_\_\_

\_\_\_\_\_  
[John McDonald, President](#)

[By:](#) \_\_\_\_\_

[Name:](#) \_\_\_\_\_

Title:

**MANAGEMENT RECRUITERS  
INTERNATIONAL, INC.**

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

Print Name: Stuart Batchelor \_\_\_\_\_ Print Name: \_\_\_\_\_

Title: President \_\_\_\_\_ Title \_\_\_\_\_



involves a noncontrolling ownership interest in Franchisee or the franchised business, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in Franchisee or in the franchised business, or (2) Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

Franchisor's right to approve or to disapprove a proposed transfer or transferee, or to exercise its right of first refusal with respect to a transfer of a controlling interest in Franchisee or Franchisee's business, shall not be affected by any of the foregoing provisions. If Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that Franchisor's exercise of its right of first refusal may result in an SBA-guaranteed loan becoming immediately due and payable.

- 3. Under Sections 9.5 and 10 of the Franchise Agreement, Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee ~~that~~which requires Franchisor's consent. ~~under Sections 9. and 10.1 of the Franchise Agreement.~~
- 4. ~~Notwithstanding anything to the contrary in~~ under *Section 9.12* of the franchise agreement, Franchisee's ~~any~~ SBA ~~lender~~financed franchise will be granted a security interest in~~lien on~~ the business assets of ~~the~~ franchisee as may be required by Franchisee's~~in its~~ loan authorization.
- ~~Notwithstanding anything else in Sections 9.2 and 9.5.2 of the Franchise Agreement, MRI will not exercise its right of first refusal so as to become a partial owner of the Franchised Business.~~
- This Addendum automatically terminates on the earliest to occur of the following:

(i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) [the](#) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum [to](#) [Management Recruiters Conversion Franchise Agreement](#) as of the day and year first above written.

**FRANCHISOR:**

**FRANCHISEE:**

**MANAGEMENT RECRUITERS** [International Inc.](#)\_\_\_\_\_

\_\_\_\_\_  
[John McDonald, President](#)

[By:](#) \_\_\_\_\_

[Name:](#) \_\_\_\_\_

Title: **INTERNATIONAL, INC.** \_\_\_\_\_

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

**Print Name:** Stuart Batchelor \_\_\_\_\_ **Print Name:** \_\_\_\_\_

**Title:** President \_\_\_\_\_ **Title:** \_\_\_\_\_