

# FRANCHISE DISCLOSURE DOCUMENT

**Patrice**  
& ASSOCIATES®  
Recruiting Specialists

Patrice Franchising, LLC  
a Delaware limited liability company

9112 East Verde Grove View, Suite 101-E  
Scottsdale, AZ 85255

Phone: (301) 327-5059  
Email: [jasonmiller@patriceandassociates.com](mailto:jasonmiller@patriceandassociates.com)  
Website: [www.patriceandassociates.com](http://www.patriceandassociates.com)

Patrice Franchising, LLC  
a Delaware limited liability company  
9112 East Verde Grove View | Suite 101-E  
Scottsdale, AZ 85255  
(301) 327-5059  
[www.patriceandassociates.com](http://www.patriceandassociates.com)  
[patrice@patriceandassociates.com](mailto:patrice@patriceandassociates.com)



The franchise ~~is offered~~ for the ~~establishment and~~ operation of a recruiting business ~~that specializes~~ in providing management candidates to the retail, restaurant and hospitality industry; as well as all other industries, ~~according to the System and under the Marks.~~

The total investment necessary to begin operation of a Patrice & Associates® franchise ~~is \$90,050 to \$92,750~~ ranges from \$105,100 to \$121,050. This includes ~~\$82,000 to \$95,500~~ that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact ~~Jason C. Miller, the franchisor at~~ 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255; or by phone at (301) 327-5059 ~~or email Mr. Miller at [jasonmiller@patriceandassociates.com](mailto:jasonmiller@patriceandassociates.com).~~

The terms of your contract will govern your franchise relationship. Do ~~no~~t rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or ~~an~~ accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the “FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D-C: 20580. You can

also visit the FTC's home page at ~~www.ftc.gov~~[www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

~~Date of Issuance~~ Date: ~~April 30, 2024 (amended January 9, 2025)~~

15, 2025

## How to Use ~~T~~this Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Arizona than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a ~~license~~franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applieds only if: (i) ~~t~~The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.



- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provisions ~~have~~has been made for providing the required contractual services.

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General

**~~ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1<sup>ST</sup> FLOOR, LANSING, MICHIGAN 48913, (517) 373-7117.~~**

Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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# FRANCHISE DISCLOSURE DOCUMENT

## Patrice Franchising, LLC

### ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchised business offered under this Disclosure Document, is for a recruiting business that specializes in providing management candidates to the retail, restaurant and hospitality industry as well as all other industries. and operates under the name Patrice & Associates® (a “P&A Agency”). To simplify the language in this Disclosure Document, the words “we,” “our,” “us” and “Patrice & Associates” refer to Patrice Franchising, LLC, the franchisor of this business. “you” means “You” and “your” refer to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity for a P&A Agency – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company, or partnership, “you” also means all of your owners and their spouses. “We,” “us” and “the Company” mean Patrice Franchising, LLC – the franchisor. A “P&A Agency” means the franchised business offered under this Disclosure Document, and may refer to P&A Agencies owned by us, our affiliates or our franchisees.

#### The Franchisor and Our Parents, Predecessors and Affiliates Corporate Information

Patrice Franchising, LLC is a Delaware limited liability company that was organized on August 15, 2022. Our principal business address is 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255, and our telephone number is (301) 327-5059. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our corporate name and the name Patrice & Associates. “Patrice Franchising, LLC” and “Patrice & Associates”.

Our direct and indirect parent companies are listed in the table below:

Parent Companies		
Name of Parent	Direct or Indirect	Principal Business Address
Patrice Holdings, LLC	Direct	9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255
CCG Patrice, LLC	Indirect	9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255
Patrice & Associates, Inc.	Indirect	9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255
Patrice & Associates Franchising, Inc.	Indirect	9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255

#### Business History

Patrice Rice opened the first P&A Agency in Dunkirk, Maryland in 1989. Our company was formed in 2022 for purposes of: (a) acquiring the assets associated with the Patrice & Associates franchise system from PAF Patrice & Associates Franchising, Inc.; and (b) offering and selling P&A Agency franchises. We have begun offering P&A Agency franchises for P&A Agencies since in December 2022. We conduct no are not engaged in any business activities other than offering franchises for P&A Agencies and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a P&A Agency.

#### Predecessors, Parents and Affiliates

Our predecessor is Patrice & Associates Franchising, Inc. (“PAF”). PAF is also our indirect parent company’s principal business address is the same as ours. PAF offered franchises for P&A Agencies from 2008 until to December 2022 when it transferred the assets associated with the franchise system to us. PAF also offered area representative franchises from 2017 to December 2022. The area representative program was offered under a

Franchise Disclosure Document (2025)

separate ~~F~~Franchise ~~d~~Disclosure ~~d~~Document. Area representatives help the franchisor sell and support P&A Agency franchises within a defined territory. However, area representatives do not have management responsibilities or decision-making authority relating to the sale or operation of franchises. As of December 31, 2023~~4~~, there were ~~12~~10 area representatives operating. PAF no longer offers franchises in this or any other line of business. PAF never operated a P&A Agency.

~~Our company was formed in 2022 for purposes of: (a) acquiring the assets associated with the Patrice & Associates franchise system from PAF; and (b) offering and selling P&A Agency franchises. We have offered franchises for P&A Agencies since December 2022. We conduct no business activities other than offering franchises for P&A Agencies and administering the franchise system. We have never offered franchises in any other line of business. We have never operated a P&A Agency.~~

~~Main Squeeze Juice Franchising, LLC (“MSJF”) is our only affiliate that offers franchises. MSJF’s principal business address is 5521 Tchoupitoulas Street, New Orleans, Louisiana 70115. Since May 2022, MSJF has offered franchises for a retail store that sells vegetable and fruit juices, smoothies, cleanses, acai bowls and other health-centric snacks and foods under the names “Main Squeeze®” and “Main Squeeze Juice Co.®” (“MSJ Stores”). Since May 2022, MSJF has also offered franchises for an area representative business. Area representatives help the franchisor sell and support MSJ Store franchises within a defined territory. As of the issuance date of this Disclosure document, MSJF has sold a total of 3 MSJ Store franchises and 1 area representative franchise. MSJF conducts no business activities other than offering franchises for MSJ Stores and area representative businesses and administering the Main Squeeze franchise system. MSJF has never offered franchises for P&A Agencies or in any line of business other than those described above. MSJF has never operated a P&A Agency.~~

Our direct and indirect parent companies are listed in the table below:

<u>Parent Companies</u>		
<u>Name of Parent</u>	<u>Direct or Indirect</u>	<u>Principal Business Address</u>
<u>Patrice Holdings, LLC</u> <del>Direct</del> <u>9112LLC</u>	<u>Direct</u>	<u>9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255</u>
<u>CCG Patrice, LLC</u> <del>Indirect</del> <u>9112LLC</u>	<u>Indirect</u>	<u>9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255</u>
<u>Patrice &amp; Associates, Inc.</u> <del>Indirect</del> <u>9112</u>	<u>Indirect</u>	<u>9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255</u>
<u>Patrice &amp; Associates Franchising, Inc.</u> <del>Indirect</del> <u>9112</u>	<u>Indirect</u>	<u>9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255</u>

~~Except for MSJF, we~~We do not have any affiliates that offer (or have ever offered) franchises in this or any other line of business. We do not have any affiliates that provide goods or services to our franchisees.

Agent for Service of Process Description of Franchised Business

~~Our agents for service of process in franchise registration states are listed on Exhibit A to this Disclosure Document. Our agent for service of process in all other states is Corporation Service Company, 251 Little Falls Dr., Wilmington, Delaware, 19808 (tel: 302-636-5401).~~

The Business

~~A P&A Agency is~~The franchised business offered under this Disclosure Document is for a recruiting business that specializes in providing management candidates to the retail, restaurant and hospitality industry as well as

all other industries, ~~according to our System and under our Marks as described in the Franchise Agreement which is attached as Exhibit B (“Franchise Agreement”).~~ We grant ~~To that end, as part of the franchisees, you will have access to our proprietary database (the “P&A Database”), which includes qualified hospitality management candidates, hospitality management positions, and a billing and collection service. You will be required to recruit candidates in addition to those already in the database. Recruiting industry standards indicate a successful recruiter has 20 conversations per day. In addition, we may obtain clients for system-wide benefit; however, you should also look to develop your own clients who have open job requisitions and/or positions for your P&A Agency to fill.~~ We provide franchisees with a variety of other training, tools and support, including ~~You will also receive a personalized URL, the development of your a local~~ webpage linked to our Website and maintenance of your corporate website, specialized training in the preparation of advertisements for candidates and use of social media, post-training materials and mentoring by us. ~~“System” means a specially developed method of operating a recruiting business specializing in providing management candidates in any industry. This includes confidential operating procedures; methods and techniques for financial controls, record keeping, billing and collection procedures and process, accounting and reporting, personnel management, sales marketing and advertising, training and development materials, proprietary database, all software, and the proprietary know-how developed by Franchisor and its Affiliate, and any of which may be changed, improved, modified and further developed by Franchisor or its Affiliate from time to time. “Marks means such service marks, trademarks, trade dress, trade names and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the business contemplated by the Franchise Agreement. Marks currently include “Patrice & Associates”. You will do business under the fictitious or assumed name of “Patrice & Associates” or any other name that we decide to use in the future. In this disclosure document, the P&A Agency you will operate according to the terms of the Franchise Agreement is referred to as the “Agency”.~~

~~This disclosure document describes our Single Unit Franchise Program. If we approve you as a franchisee, you will sign a Franchise Agreement to operate a single P&A Agency. In no event will you be a franchisee until we have signed a Franchise Agreement with you.~~

We refer to the franchised business you purchase as your “Business” or your “P&A Agency”. Each person who provides employee recruiting services on behalf of your P&A Agency is referred to as a “Recruiter”. You and your Recruiters will solicit and place qualified job applicants (“Applicants”) with businesses or other organizations seeking to fill job positions (“Clients”). Clients may be obtained by us, you or other franchisees. All Clients contract with us, but any Client you obtain will be “credited” to you. We post open job positions with Clients on the P&A Database. You may also establish referral relationships with persons or organizations that may be in a position to refer potential Applicants and Clients to you (“Referral Sources”).

The hiring of an Applicant by a Client is referred to as a “Placement”. Upon completion of a Placement, the Client pays us a fee (the “Placement Fee”). For each Applicant you place with a Client originated by us or you, we will: (a) collect the Placement Fee; (b) deduct 24% for our royalty and other percentage-based fees; and (c) remit the balance to you. If another franchisee places an Applicant with a Client originated by you, you will receive 20% of the Placement Fee and the other franchisee will receive 56% of the Placement Fee. Conversely, if you place an Applicant with a Client originated by another franchisee, you will receive 56% of the Placement Fee and the other franchisee will receive 20% of the Placement Fee. You will have the right to negotiate rates and terms with the Client; however, all contracts will be signed and managed by us.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the “Franchise Agreement”). We refer to the franchised business you purchase as your “Business” or your “P&A Agency”. The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including the trademark PATRICE & ASSOCIATES® (collectively, the “Marks”). The Franchise Agreement also grants you a license to use our system that was developed for the operation of a P&A Agency (the “System”). Our confidential Brand Standards Manual (the “Manual”) describes



the operational aspects of a P&A Agency. You will operate your P&A Agency as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

~~General Description of the~~ **Market and Competition**

~~You will provide management recruiting services to~~The target market for the recruitment services offered by a P&A Agency includes: (a) businesses in the restaurant, hospitality, hotel, casino and retail industries; as well as all~~and (b) individuals seeking new executive-level positions within those industries. To a lesser degree, P&A Agencies provide recruitment services for other industries. Sales are not seasonal. You may have to compete with other businesses offering employment recruiting, including franchised operations, national chains and independently owned companies.~~

The employee recruitment industry is mature and competitive. The industry may be affected by C~~changes in local and national economic conditions and changes in population density. affect this industry and are generally difficult to predict~~You will compete with local, regional and national companies that provide similar staffing services. Some of these companies are independently owned and operated while others are chains. Some of our competitors operate through a franchise model.

~~Applicable~~ **Laws and Regulations**

The laws and regulations applicable to businesses that provide management recruiting~~recruitment services vary from state to state and locality to locality for businesses that provide management recruiting services. You must comply with any state and local regulations pertaining to licensing of employment agencies and recruiting firms. You must comply with all employments laws, rules and regulations, including the Equal Opportunity Employment Act, with respect to interviewing potential candidates. You must check all applicable governmental laws, regulations and ordinances. and You are responsible for knowing and complying with all these laws. and licensing requirements related to the operation of~~There may be other local, state and/or federal laws or regulations that apply to your P&A Agency. It is likely that you will be required by city and/or state law to obtain a license to operate the AgencyWe strongly suggest that you investigate these laws before buying this franchise.

**ITEM 2**      ~~ITEM 2.~~ **BUSINESS EXPERIENCE**

**Jason C. Miller - Chief Executive Officer**

Mr. Miller has been our Chief Executive Officer since December 2024. His other employment positions during the past 5 years include the following:

Employer Name	Location	Title	Time Period
Patrice Franchising, LLC	Southbury, CT	Vice President Franchise Development	Dec 2022 to Nov 2024
PAF (predecessor and indirect parent of Patrice Franchising, LLC)	Southbury, CT	Vice President Franchise Development	Jun 2016 to Nov 2022

~~Lauren Wanamaker – Chief Growth Officer (Parent)\*~~ ~~George W. Wooten – Vice President - Operations~~

~~Lauren Wanamaker has served as Chief Growth Officer for our parent, CCG Patrice, LLC, Mr. Wooten has been our Vice President - Operations since March~~February 2023~~5. Her~~His other employment positions during the past 5 years include the following:

Employer Name	Location	Title	Time Period
<del>WellBiz Brands, Inc.</del> <a href="#">Grow Forward Solutions LLC</a>	<del>Denver</del> <a href="#">Harrisonburg, CO VA</a>	<del>VP of Franchise Development</del> <a href="#">Principal / Managing Partner</a>	<del>Nov 2022 to Mar 2023</del> <a href="#">May 2016 – Present</a>
<del>WellBiz Brands, Inc.</del>	<del>Denver, CO</del>	<del>Sr. Director of Development</del>	<del>Jan 2019 to Nov 2022</del>
<del>WellBiz Brands, Inc.</del>	<del>Denver, CO</del>	<del>Director of Development</del>	<del>Jan 2018 to Jan 2019</del>

**ITEM 3** ~~\* THIS INDIVIDUAL IS NOT AN OFFICER OF THE FRANCHISOR BUT EXERCISES MANAGEMENT RESPONSIBILITY BY VIRTUE OF HER POSITION WITH THE PARENT COMPANY, CCG PATRICE, LLC.~~

### **ITEM 3. LITIGATION**

*Mark Fischer v. Patrice & Associates Franchising, Inc. (now Patrice Franchising, LLC), No CV-17-629 (First Judicial District of Minnesota ~~filed July 19, 2017~~).*

-Franchisee and regional developer, Mark Fischer, was in default under both his Franchise Agreement and his Regional Development Agreement. Despite this, on July 19, 2017, Fischer filed a lawsuit in Minnesota State Court against our predecessor, PAF, claiming fraudulent misrepresentation, negligent misrepresentation and violation of the Minnesota Franchise Act and sought actual damages in excess of \$50,000 together with interest, costs and disbursements and attorneys’ fees. The state-court suit has been dismissed upon joint stipulation by the parties, and has proceeded to arbitration as required under the Franchise Agreement [GE-Q5RVKRDRUJNV-1870464117-2]. PAF filed counterclaim for breach of the Franchise Agreement and Regional Development Agreement as well as intentional interference with contractual relationship and intentional interference with business expectancy seeking damages in excess of \$1,000,000. Following a lengthy arbitration, an arbitration award was granted on February 28, 2019, whereby Mark Fischer was awarded only a refund of his franchise fees under the Franchise Agreement and Regional Development Agreement with prejudgment interest but was denied lost opportunity damages and claimed operating expenses. Mark Fischer was also awarded approximately one-third of the attorneys’ fees and expenses he sought. All other claims and counterclaims made by both parties were either denied or dropped by the parties.

*Daniel Harris and Hospitality Partners, LLC v. Patrice and Associates Franchising, Inc., Patrice Rice and Brian Miller, Case No. 01-18-0000-0461 (American Arbitration Association).*

-Franchisee Daniel Harris and Hospitality Partners, LLC (“Claimant”) filed for arbitration on January 3, 2018 naming the following parties as defendants: our predecessor, PAF; our former Chief Executive Officer, Brian K. Miller (who served as PAF’s Chief Operating Officer at the time the suit was filed); and our Consultant, Patrice Rice (who served as PAF’s President and Director at the time the suit was filed). Claimant alleged violation of New York State Franchise Sales Act, common law fraud, and negligent misrepresentation based on claims that PAF wrongfully and fraudulently sold Claimant a franchise by providing disclosures which were misleading and contained misrepresentations. The Claimant’s demand was for rescission of the franchise agreement, \$75,000 plus interest and costs, and attorneys’ fees. PAF filed an Answer on March 21, 2018, containing multiple defenses (including that Claimant suffered no damages but instead returned his investment in less than a year) and a counterclaim that Claimant breached the franchise agreement and, as a result, PAF requested an award for the fees that PAF would have received (in excess of \$250,000) had the breach not occurred, plus interest, attorneys’ fees, costs and expenses. On May 25, 2018, the arbitrator dismissed Patrice Rice and Brian Miller from the case. Rather than involve the company in protracted litigation and to remain focused on its performing franchisees, on July 2, 2018, PAF and the Claimant entered into a confidential settlement agreement whereby PAF refunded only the fees



and training costs Claimant paid to PAF (\$69,000) (without any consideration of his alleged damages) and the parties exchanged mutual releases without admitting any wrongdoing whatsoever.

*Patrice & Associates Franchising, Inc. (now Patrice Franchising, LLC), v. McCoury Enterprises, Inc.*, Case No. 01-19-0004-4829 (American Arbitration Association):

-On December 12, 2019, our predecessor, PAF, filed for arbitration against McCoury Enterprises, Inc. (“McCoury”), an area representative, seeking a declaratory judgment stating that (a) McCoury breached the area representative agreement in several material respects, including, but not limited to, failure to make efforts to solicit potential franchisees and failure to submit required reports and (b) PAF had the right to terminate the area representative agreement and related franchise agreement, both of which were signed on January 17, 2018. On May 22, 2020, the parties entered into a confidential settlement agreement whereby PAF agreed to pay to McCoury an amount of \$125,000 and the parties mutually agreed to terminate the Area Representative Agreement and Franchise Agreement and exchanged mutual releases.

Other than as described above, no litigation is required to be disclosed in this Item.

#### ITEM 4      ~~ITEM 4. BANKRUPTCY~~

No bankruptcy ~~information~~ is required to be disclosed in this Item.

#### ITEM 5      ~~ITEM 5. INITIAL FEES~~

##### Initial Franchise Agreement Fee

You ~~must~~ pay us an nonrefundable \$65,000 initial franchise fee ~~of \$65,000 in a lump sum when~~ at the time you sign the Franchise Agreement (“~~Initial Franchise Fee~~”). If you are purchaseing the right to operate an additional P&A Agency, your ~~Initial Franchise Fee will be~~ is reduced to ~~\$52,200~~ \$32,500. The ~~Initial Franchise Fee~~ is ~~fully earned when paid and in no event is the Initial Franchise Fee refundable.~~ uniformly imposed.

##### Initial Training Fee (Franchisee Training)

~~In addition, you must pay us a~~ You pay us a nonrefundable \$7,000 initial training fee of \$7,000 when at the time you sign the Franchise Agreement (“~~Training Fee~~”). The \$7,000 initial training fee covers initial training for the Managing Owner (described in Item 15) as well as our 90-day mentoring program. There is no additional charge if you send more than 1 owner to initial training. The initial training fee is uniformly imposed.

##### Initial Training Fee (Manager Training)

If you choose to hire a Manager (described in Item 15), the Manager must complete our required training program. You pay us a nonrefundable \$3,500 training fee for each Manager we train. The Manager training fee is due at the time training is scheduled. The Manager training fee is uniformly imposed.

##### Executive Recruiting Training & Certification

~~The Training Fee is~~ You pay us a not nrefundable. \$10,000 executive recruiting training and certification fee at the time you sign the Franchise Agreement. Executive recruiting training is required in order to participate in executive recruiting and is supplemental to the initial training.

~~Upon execution of this Agreement, you must pay us a \$7,000 fee for the development of up to a 10-page website (“Microsite”) about your Agency and the maintenance for your Microsite. This fee is not refundable.~~

**Microsite Fee**

You pay us a nonrefundable \$7,000 Microsite fee at the time you sign the Franchise Agreement. This fee is paid in exchange for the 10-page local website we develop for your P&A Agency (your “Microsite”) and includes ongoing maintenance for you and support. The Microsite. This fee is uniformly imposed.

**Marketing Starter Kit**

You must pay us or our designated supplier \$3,000 for a starter kit (“**Starter Kit**”) of initial inventory of marketing materials to reach businesses in your area. The Starter Kit includes items such as client brochures, apparel, business cards, note cards, pens, congratulations cards, table sign, personalized stationary and envelopes. This fee is nonrefundable.

**ITEM 6**      **~~ITEM 6.~~ OTHER FEES**

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2, 3</sup>	DUE DATE	REMARKS
Royalty Fee ( <del>Note 1</del> )	10% of Gross Sales	<del>Payable weekly each Friday based on Gross Sales of the previous week</del> <u>Day of each week that we specify (currently Friday) for Gross Sales collected during prior reporting period</u>	<del>We will invoice clients and pay you the net due (after deducting royalties and all other applicable fees).</del> <u>You must send us Gross Sales reports for each reporting period. Our current reporting period runs from Friday to Thursday. We may change the reporting period and/or royalty fee due date upon 30 days’ prior notice.</u>
Marketing Fund Contribution (Note 1)	<del>2% of Gross Sales</del>	<del>Payable weekly each Friday based on Gross Sales of the previous week</del>	<del>We will invoice clients and pay you the net due (after deducting royalties and all other applicable fees).</del>
Proprietary Database Fee (Note 1)	<del>7% of Gross Sales</del>	<del>Payable weekly each Friday based on Gross Sales of the previous week</del>	<del>We provide you with access to our proprietary software and database in exchange for this fee. We will invoice clients and pay you the net due (after deducting royalties and all other</del>
Billing Services Fee ( <del>Note 1</del> )	5% of Gross Sales	<del>Payable weekly each Friday based on Gross Sales of the previous week</del> <u>Same as royalty fee</u>	<del>We will invoice clients and pay you the net due (after deducting royalties and all other applicable fees).</del> <u>We invoice all clients and collect payment for the services you provide. Each week, we pay you the net amount of Gross Sales we collect for services you provide (after deducting royalties fees and all other amounts you owe us. You may not directly invoice clients or collect payment without our prior written consent.</u>
Brand Fund Fee	<u>2% of Gross Sales</u>	<u>Same as royalty fee</u>	<u>We deposit this fee into a Brand Fund. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.</u>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2, 3</sup>	DUE DATE	REMARKS
<u>P&amp;A Database Fee</u>	<u>7% of Gross Sales</u>	<u>Same as royalty fee</u>	<u>Paid for your license to access our proprietary P&amp;A Database.</u>
<u>Recruiter Setup &amp; Licensing Fees</u>	<u>\$125 initial fee plus \$60 per month</u>	<u>\$125 due at time you hire Recruiter and monthly fee due on the first day of each month, paid by ACH or credit card</u>	<u>You pay this fee for each Recruiter you hire. The \$125 initial fee includes setting up the Recruiter's email and access to the P&amp;A Database. The \$60 monthly fee covers the Recruiter's ongoing access to the P&amp;A Database.</u>
<u>Training Fee (New Recruiters)</u>	<u>\$500 if we train Recruiter or no charge if you train Recruiter</u>	<u>At time training is scheduled (if we train Recruiter) or time you hire recruiter (if you train Recruiter)</u>	<u>You may train new Recruiters you hire, at no cost, if you are certified to use the Proctor Program, which is our virtual training program curriculum. If you are not certified to use the Proctor Program, we must train new Recruiters that you hire.</u>
<u>Training Fee (New Manager)</u>	<u>\$3,500</u>	<u>At time training is scheduled</u>	<u>You are not required to hire a Manager. If you choose to do so, we must train the Manager.</u>
<u>Annual Conference Registration Fee</u>	<u>Reasonable Fee and all expenses. Currently the fee is \$495 per person per conference</u>	<u>30 days prior to the before conference (or, if you are a new franchisee, you will pay this fee at the time of during initial training; for 1<sup>st</sup> annual conference)</u>	<u><del>The attendance for you and your designated manager is mandatory. Your credit card will be debited for the cost of the Annual Conference Fee regardless of whether you attend.</del> <u>We may hold an annual conference to discuss business and operational issues affecting P&amp;A Agencies. Attendance is mandatory for your Managing Owner and Manager (if applicable). You pay the conference Registration fee regardless of whether these individuals attend. You are also responsible for all expenses and costs the conference attendees incur, including wages, travel and living expenses.</u></u>
<u>Additional Training and Assistance Technology Fee</u>	<u>Fee and expenses (only if we visit your Agency). The current fee is \$600 per day and the expenses would include our travel and living costs Up to \$500 per month (currently \$350 per month)</u>	<u>Upon request 10 days after invoice or as we require otherwise specify</u>	<u><del>This is for additional training we may provide from time to time, training more than one person during the initial training program or additional assistance that you need or request.</del> <u>Includes amounts you pay us or our affiliate for Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-parties. It may also include an administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include amounts you pay to third parties.</u></u>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2, 3</sup>	DUE DATE	REMARKS
<del>Interest on late payments</del> <u>Product Purchases</u>	<del>Lesser of 1 1/2% per month or maximum legal rate</del> <u>Varies depending on item purchased</u>	<del>On all-overdue payments</del> <u>10 days after invoice</u>	<del>Payable on all overdue amounts.</del>  <u>We and our affiliates may serve as System suppliers for goods and services you must purchase. If this occurs, we will provide you with a price list upon request.</u>
<u>Franchise Resale Service Fee</u>	<u>Broker fee equal to the greater of 10% of the purchase price or \$31,000 plus \$3,000 marketing services fee</u>	<u>At time of franchise sale</u>	<u>We offer an optional service to help franchisees sell their business. To use this service, you must sign a Franchise Resale Agreement (attached as EXHIBIT "D"-4) and pay the service fee.</u>
<del>Transfer Fee- Franchise Agreement</del>	\$10,000	<del>At the</del> time of transfer	<del>Payable if there is a Transfer under the Franchise Agreement.</del>  <u>Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity you control or for certain transfers of ownership interests between existing owners. If the buyer is found by a broker we engage, you must also reimburse us for all commissions we pay the broker.</u>
<u>Reimbursement of Insurance Costs</u>	<u>Amount of expenses we incur (including premiums)</u>	<u>10 days after invoice</u>	<u>If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.</u>
<del>Taxes (Note 2)</del>	<del>Actual Cost</del> <u>taxes imposed on us</u>	<del>Upon Demand</del>	<del>Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates.</del> <u>You must indemnify and/or reimburse us for all capital, gross receipts, sales, and other taxes and assessments imposed on us as a result of the conduct of the operation of your P&amp;A Agency or the license of any of our (or our affiliates') intangible property to you (whether required to be paid by us or our affiliates, withheld by you, or otherwise). Your obligation to do not reimburse us for income-type taxes imposed on our income.</u>
<del>Recruiter Training</del> <u>Late Fee</u>	<del>Reasonable Fees. Currently \$500</del> <u>\$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law</u>	<del>Time of class reservation</del> <u>10 days after invoice</u>	<del>If you are not certified to use the Proctor Program to train your recruiters, recruiters will need to attend virtual training.</del> <u>If our debit of your account is rejected or your check is returned for insufficient funds, we may charge (in addition to the late fee) an NSF fee of \$50 per incident. Default interest is limited to 10% in California.</u>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2, 3</sup>	DUE DATE	REMARKS
New Recruiter Noncompliance Fee	\$125 set up charge and \$45 per month. We may also charge you our then-current fee to train recruiters using the Proctor Program (not currently charged) Up to \$500 per incident	At the time you hire a new recruiter Upon demand	<del>This is a set up charge which includes setting up the email and the new recruiter's continued access to the Database.</del>  Payable if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional fine for every 48 hours the non-compliance issue remains uncured after we impose the initial fine. We may also deny you access to the P&A Database until you pay the fines and cure the non-compliance.
Training of designated manager Default Reimbursements	Reasonable Fees. Currently \$3,500 All costs we incur to cure your default	Time of class reservation 10 days after invoice	<del>If you hire a designated manager, he or she must attend and satisfactorily complete the training program</del>  If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Non-Compliance Fee	\$100 per incident	Upon invoice	For non-compliance of operational requirements in this Agreement and the Manual. You will also be denied access to our software for a period of 5 days and must pay the Non-Compliance Fee
Technology Fee	Our then-current fee, currently \$350 per month	Monthly	For market research and development costs of recruiting software, ongoing cost of developing and maintaining enhancements and updates to CRM, franchisee CRM access, the email platform for franchisees, and rising cost
Temporary Management Assistance Fee	Currently, \$600 per day plus our Travel Expenses	Each month that it applies 10 days after invoice	<del>If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise, we may temporarily manage your Agency.</del>  If you fail to timely cure a default under the Franchise Agreement or the Managing Owner dies, we can designate a person to manage your P&A Agency until the default is cured or Managing Owner replaced.
Indemnification	Will vary under circumstances Amount of our damages, losses or expenses	As incurred 10 days after invoice	<del>You must indemnify and reimburse us if there are 3rd-party claims against us resulting from</del> for all damages, losses or expenses we incur due to the operation of your P&A Agency or your breach of the Franchise Agreement.



TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2, 3</sup>	DUE DATE	REMARKS
Approval of Suppliers	Reasonable fee based on the costs of the test	As incurred	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement and we have to seek assistance to enforce the Franchise Agreement.
Failure to Comply with the Dispute Resolution Provisions Attorneys' Fees and Costs	Damages in the amount of the attorneys' initial franchise fees plus and costs and expenses we incur	As incurred Upon demand	If you or your guarantors do not comply with the provisions in the Dispute Resolution Section of the Franchise Agreement  You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.

#### Notes:

1. Nature and Manner of Payment: All fees are imposed by and ~~are~~ payable to us ~~or our Affiliate~~. All fees are non-refundable; ~~and All fees are~~ uniformly imposed.

#### NOTES

~~Note 1: Royalty Fees, Marketing Fund Contributions, Proprietary Database Fee and Billing Service Fee. You are required to pay us a weekly Royalty Fee equal to 10% of Gross Sales, a weekly Marketing Fund Contribution equal to 2% of Gross Sales, a weekly Proprietary Database Fee of 7% of Gross Sales and a weekly Billing Services Fee of 5% of Gross Sales. These fees are due and payable each Friday based on Gross Sales collected by Franchisor on behalf of Franchisee received in the previous week. If we do not collect any Gross Sales on your behalf during any week, then there will be no Royalty Fee, Marketing Fund Contributions, Proprietary Database Fee and Billing Service Fee due for that week. We are permitted to change the payment dates at our sole discretion. We collect Placement Fees from Clients and deduct our percentage-based fees (i.e., royalty fee, brand fund fee, P&A Database fee and billing services fee) and any other fees or amounts owed before remitting the balance to you each week. We may also deduct any out-of-pocket costs we incur to enforce payment from the Client, such as attorneys' fees, credit card fees, court costs and other costs of collection. Currently, we pay you each Friday for Gross Sales collected during the prior weekly reporting period.~~

In the event there are fees or other amounts you owe that we do not deduct from Placement Fees, these amounts may be electronically debited from your designated bank account. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "D") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date.

All customer hires have a "guarantee period" ~~of~~ during which the candidate must be continuously employed before the full Placement Fee is "earned". If a candidate leave ~~his or her~~ job before ~~the~~ expiration of the

guarantee period, you ~~shall~~ must refund any amounts we paid you for the Placement within 10 days after notification from us.

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

“**Gross Sales**” means the total amount of all sales of products, services and merchandise sold from, through or in connection with the P&A Agency, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. ~~All payments will be deducted from the amounts we collect on your behalf and the balance will be remitted to you. This remittance will be processed on the following Friday after the prior week’s Gross Sales have been received. We may require you to use Electronic Funds Transfer. All customer hires have a guarantee period of which the candidate must be continuously employed. Should the candidate leave his or her job before the expiration of the guarantee, you shall refund monies paid to us relating to that hire no later than 10 days from notification of candidate guarantee default.~~Gross Sales includes all fees and other amounts owed to us and our affiliates that we deduct from Gross Sales before remitting the balance to you.

~~Note 2: Taxes. You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Agency or the license of any of our or our affiliates’ intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to reimburse us for these taxes do not extend to income type taxes which a state or local government imposes on our income.~~

“**Managing Owner**” means the owner you appoint and we approve with primary responsibility for the overall management and operation of your P&A Agency.

“**Permitted Transfer**” means a Transfer: (a) between existing owners (unless it causes the Managing Owner to own less than 51% of the franchised business); or (b) by the owners to a new business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

“**Technology Systems**” means all information and communication technology systems that we designate, including computer systems, data management systems, point-of-sale system, telecommunications systems, security systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“**Transfer**” means a transfer or assignment of: (a) the Franchise Agreement (or an interest in the Franchise Agreement); (b) the P&A Agency’s assets (other than the sale of furniture, fixtures or equipment in the ordinary course); (c) an ownership interest in the entity that is the “franchisee”; or (d) the franchised business you conduct under the Franchise Agreement.

“**Travel Expenses**” means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your P&A Agency; or (b) by you or your personnel to attend training programs or conferences.

3. CPI Adjustments: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before it goes into effect. We may implement no more than 1 fee adjustment during any 5-year period.

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

**~~YOUR ESTIMATED INITIAL INVESTMENT~~**

<b><del>YOUR ESTIMATED INITIAL INVESTMENT</del></b>					
<b>TYPE OF EXPENDITURE <sup>1</sup></b>	<b>AMOUNT</b>		<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT Is <del>to be</del> <u>TO BE</u> MADE</b>
	<b>Low</b>	<b>High</b>			
Initial Franchise Fee ( <del>Note 1</del> )	\$65,000	<del>\$65,000</del>	Lump <del>sum</del> -by cashier's check or ACH wire transfer	<del>Upon signing of</del> <u>At time you sign Franchise Agreement</u>	Us
<u>Initial Training Fee</u> <sup>2</sup> ( <u>Franchise Training</u> )	\$7,000	<del>\$7,000</del>	Lump <del>sum</del> -by cashier's check or ACH wire transfer	<del>Upon signing of</del> <u>At time you sign Franchise Agreement</u>	Us
<del>Office Equipment &amp; Initial Training Fee</del> <del>Supplies</del> ( <del>Note 2</del> ) <u>Manager Training</u> )	<u>\$0 to \$3,500</u>	<del>\$500</del>	Lump <del>sum</del>	<del>Before opening</del> <u>At time training is scheduled</u>	<del>Suppliers</del> <u>Us</u>
<del>Rent and Security Deposit</del> ( <del>Note 3</del> ) <u>Executive Recruiting Training &amp; Certification Fee</u> <sup>5</sup>	<u>\$0 to \$10,000</u>	<del>\$1,000</del>	As <del>incurred</del> <u>Lump sum</u>	<del>Before opening</del> <u>At time you sign Franchise Agreement</u>	<del>Landlord</del> <u>Us</u>
<u>Microsite Fee</u> (Includes setup and maintenance)	<u>\$7,000</u>		<u>Lump sum</u>	<u>At time you sign Franchise Agreement</u>	<u>Us</u>
<u>Marketing Starter Kit</u> <sup>5</sup>	<u>\$3,000</u>		<u>Lump sum</u>	<u>Before opening</u>	<u>Us</u>
<del>Initial Inventory</del> ( <del>Note 4</del> ) <u>Grand Opening Marketing</u> <sup>6</sup>	<u>\$3,600 to \$12,000</u>	<del>\$3,500</del>	Lump sum	Before opening	<del>Suppliers or</del> <u>Us</u> <u>Approved Vendors</u>



<b><u>YOUR ESTIMATED INITIAL INVESTMENT</u></b>					
<b>TYPE OF EXPENDITURE <sup>1</sup></b>	<b>AMOUNT</b>		<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS <del>to be</del> <u>TO BE</u> MADE</b>
<u>Rent &amp; Security Deposit <sup>7</sup></u>	<u>\$0 to \$1,000</u>		<u>Lump sum</u>	<u>Before opening</u>	<u>Landlord</u>
Computer <del>(s)</del> <u>System</u>	<u>\$500 to \$1,000</u>	<del>\$1,000</del>	Lump <del>S</del> sum	Before opening	Suppliers
<b>Development of Microsite and Maintenance</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>As incurred</b>	<b>Upon signing of Franchise Agreement</b>	<b>Us</b>
<u>Legal &amp; Accounting Office Equipment &amp; Supplies <sup>8</sup></u>	<u><del>\$1,300</del> to \$500</u>	<del>\$1,500</del>	Lump <del>S</del> sum	Before opening	<del>Attorney, Accountant</del> <u>Suppliers</u>
<u>Business Licenses, Dues &amp; Subscriptions <sup>9</sup></u>	<u>\$800 to \$1,200</u>		<u>Lump sum</u>	<u>Before opening</u>	<u>Government agencies &amp; suppliers</u>
<del>Dues, Subscriptions &amp; Business License or permit (Note 5)</del> <u>Professional Fees</u>	<u>\$1,000 to \$3,000</u>	<del>\$1,000</del>	Lump <del>S</del> sum	Before opening	<del>Associations, Suppliers</del> <u>Lawyers &amp; accountants</u>
Insurance ( <del>Note 6</del> <u>3 months' premium</u> )	<u>\$250 to \$850</u>	<del>\$250</del>	<del>As incurred</del> <u>Lump sum</u>	<del>As incurred</del> <u>Before opening</u>	Insurance <del>agents</del> <u>companies</u>
Additional Funds <del>—</del> <sup>10</sup> ( <u>3 months</u> <del>(Note 7)</del> )	<u>\$5,000 to \$6,000</u>	<del>\$5,000</del>	As incurred	As incurred	<u>Suppliers, Employees, Utilities, Lessor and Suppliers &amp; us</u>
<b>TOTAL</b> <del>(Note 8)</del> <u>Total Estimated Initial Investment <sup>11</sup></u>	<u><del>\$90</del> 105,100 to \$121,050</u>	<b>\$92,750</b>			

Notes:

The low range on the chart above is based on an Agency operated from a home office and with no employees. The high range on the chart is based on an Agency operated from a “brick and mortar” office with 2 employees. We recommend that you begin the operation of the Agency from your home if it is permitted by local zoning rules and ordinances. This chart assumes you have a vehicle available to use. If you do not have a vehicle, the costs must be added to this chart. You are encouraged to make an independent investigation and analysis of the potential expenses which may be incurred in order to start your Agency.

NOTES:

**Note 1: Initial Franchise Fee.** For a single Unit, the Initial Franchise Fee is \$65,000.

- Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable.

2. Initial Training Expenses: This estimates your expenses to send 1 person to initial training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.
3. Manager Training: You are not required to hire a Manager. If you choose to do so, we must train your Manager. The low estimate assumes you do not hire a Manager while the high estimate assumes you hire a Manager before opening.
4. Executive Recruiting Training & Certification: In order to participate in executive recruiting, you must participate in our executive recruiter training and certification. This training is a supplemental module to initial training.
5. Marketing Starter Kit: You must purchase opening marketing supplies that include your ~~initial inventory~~ supply of marketing collateral to reach materials to solicit businesses in your area, ~~which may include items such as~~ including client brochures, apparel, business cards, ~~pens,~~ note cards, ~~pens,~~ congratulations cards, table sign, and personalized stationary.
6. Grand Opening Marketing: As a part of your grand opening, you must purchase job board placements through our designated online job search vendors. You must purchase products and services that comprise grand opening marketing directly from third-party suppliers we specify, however, in order to benefit from volume discount, the franchisor may act as a “pass through” for certain vendors.
7. Rent & Security Deposit: Most franchisees operate from a home office and do not rent an office or commercial space. If you choose to rent office space, we expect it will range in size from ~~250-~~ to 300 square feet. The low ~~end represents~~ estimate assumes you operate from a home office while the high estimate assumes you rent an office and includes 1 month’s rent and 1 month’s ~~rent~~ for the security deposit.
8. ~~Note 2: Office Equipment & Supplies:~~ You must purchase general office supplies, including typical office equipment. ~~This includes~~ such as a copier/scanner/fax machine, separate telephone line, and a cell phone with a data package. You may already have some of these items.

~~Note 3: Rent and Security Deposit. Typically, you will operate your office from your home, but you may choose to lease your office space subject to our consent. If you lease an office space, it will typically be approximately 250-300 square feet. The low end represents you operating your Agency from your home. The high end represents 1 months’ rent for office space and 1 months’ rent for the security deposit.~~

~~Note 4: Initial Inventory. You must purchase a Starter Kit of initial inventory of marketing collateral to reach businesses in your area, which may include items such as client brochures, apparel, business cards, pens, note cards, congratulations cards, table sign, personalized stationary and envelopes. The high end includes any additional supplies you may want to purchase but are not required to do so.~~

9. ~~Note 5: Dues, Subscriptions & Business License or Permit~~ Business Licenses, Dues & Subscriptions: This includes the estimated cost for a business license. It is highly recommended (but not required) that you join the local Chamber of Commerce, State Restaurant Association and other local business networking organizations. ~~In addition, if required by law, you may have to obtain a business license or permit depending on the location of your Agency.~~ The high estimate includes additional costs you may incur if you choose to join your local Chamber of Commerce or other local associations.

~~Note 6: Insurance. You are required to obtain at least the minimum insurance coverage which we required. If your Agency is operated out of a principal residence the amount of insurance you will need will be less than if you lease or purchase office space. Typically, if your Agency operates from a~~

~~principal residence, you will only be required to obtain an umbrella policy on your homeowner's insurance. If your Agency is being operated out of an office outside of a principal residence, the minimum required insurance is described in Item 8.~~

~~10. Note 7: Additional Funds: This ~~item~~ estimates your ~~initial startup~~ expenses during the ~~initial period of first~~ 3 months of ~~the operation of your Agency~~, including payroll costs (excluding any wage or salary paid to you), technology fees. ~~These expenses include~~ telephone utilities, additional supplies, ~~etc.~~ and other miscellaneous expenses and required working capital. ~~These amounts do not include any of the fees or any other expenses which are already listed in the above charts in Item 6 & 7 and do not include an owner's salary or draw.~~ These figures are estimates based on the past experience of our ~~franchisees~~ founder operating a P&A Agency from 1989 to 2017 as well as the recent experience of our franchisees.~~

~~These amounts also do not include rent expenses incurred during the initial period of operations.~~

~~Note 8: Total. Costs and expenses can vary depending on factors like whether you can operate the Agency from your owner's home or whether you will hire any employees. These figures were based on the experience of our Affiliate since 1989 and our franchisees. The expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.~~

~~We do not offer, either directly or indirectly, financing to you for any items.~~

11. We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your P&A Agency.

**ITEM 8**     ~~**ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES AND PRODUCTS**~~

~~You must operate the Agency according to our System. To ensure that the System is uniformly maintained, we have established standards and specifications for you to follow which are described in our Manual. Therefore, you are required to purchase all products, services, supplies, inventory, computer systems, equipment and materials required for the operation of the Agency from manufacturers, suppliers or distributors that we approve, or from other suppliers who meet our specifications and standards and to which we consent. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention, as well as payments, contributions or other considerations to us, our Affiliate, any advertising fund and/or otherwise, and may be temporary, in each case in our reasonable discretion. We may, from time to time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of the décor and products sold to customers. Approved suppliers will be designated in the Manual or some other writing delivered to you. We may modify the list of approved brands, products and suppliers, and will notify you, in writing, of any modification. Currently, we are: (a) an approved supplier of certain branded items and the Starter Kit; (b) the exclusive licensor of our proprietary software and database; and (c) the exclusive supplier for microsite development and maintenance services and billing and collection services. Currently, other than the goods and services referenced in the preceding sentence, neither we nor any affiliate is an approved supplier of any products or services that you are required to purchase, but we reserve the right for us or any affiliate to be in the future.~~

~~For the fiscal year ending December 31, 2023, we did not collect any amount from franchisees' required purchases or leases of required products. All franchisees paid our designated supplier directly for the Starter Kits in 2023. There is no designated supplier that is owned, in whole or in part, by any of our officers, but we reserve the right to do so in the future. In 2023, neither the Franchisor nor any affiliate derived any revenue from franchisees' required purchases or leases.~~

~~You must purchase and use any hardware and software programs we designate. Presently, you will have access and can use our software that we provide to you in exchange for the Proprietary Database Fee. We also require you to purchase the following hardware and software: Laptop and optional secondary workstation which are not older than 3 years old. You will need a minimum of Microsoft Office including Outlook, Windows, desk top version of QuickBooks and a web browser preferably Google Chrome. You must use an endpoint protection system to ensure the security of your computer systems and data. This includes installing and maintaining up to date virus and malware protection software on all devices used in the operation of the franchise. The endpoint protection system must be configured to provide real-time threat detection and remediation and automatic updates to ensure the software is up to date and able to defend against the latest security threats. Failure to comply with these requirements may be considered a default under the Franchise Agreement. The approximate cost of the hardware that you will need to support and run the required software ranges from \$500 to \$1,000.~~

~~We have the right to require you to update, replace or modify the types of computer hardware and software we require at your sole expense. You will be required to sign whatever type of licensing agreement is required for any new or different type of software.~~

## Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your P&A Agency. “Source-restricted” means the good or service must meet our specifications or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We may notify you of changes to our specifications and suppliers by email notification, updates to the Manual or other means of communication.

### Supplier Criteria

~~If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery. Our criteria for evaluating suppliers include standards for: (a) quality, performance, design and appearance, and price of the product or service; and (b) dependability, production capabilities, reputation and financial strength of the supplier. We will advise you within a 45-day period whether these goods, products, equipment or supplies meet our specifications. We may require samples from alternate suppliers to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay reimburse us for the actual costs of the test made by us or by an independent testing laboratory designated by us. We may require your proposed supplier to execute a confidentiality agreement regarding the product. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.~~

~~We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates to us or our affiliates under these contracts. You may or may not find the contracts to your advantage and may elect to participate or not to participate in them. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier, and/or receive revenues, rebates, commissions or other benefits from purchases made by our franchisees. We did not receive any rebates during the year ending December 31, 2023. The amount of all required purchases of products and services that meet standards and specifications will represent approximately 50%-60% of your overall purchases in opening the franchise and less than 10% of your overall purchases in operating the franchise.~~

~~There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.~~

~~In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet the other insurance-related obligations. The current minimum insurance requirements are the following: (a) “all risk” property insurance coverage on all assets used in the operation of the Agency (your property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost); (b) workers’ compensation insurance that complies with the statutory requirements of the state in which the Agency is located and employer liability coverage with a minimum limit of \$100,000 or, if higher, the statutory minimum limit as required by state law; (c) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Agency, or your conduct of business according to~~



~~the Franchise Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law; (d) business interruption insurance in amounts and with terms acceptable to Franchisor; (e) if the vehicle is in your name, automobile liability insurance for owned or hired vehicles, with a combined single limit of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law; and (f) such insurance as necessary to provide coverage under the indemnity provision. If you operate the Agency from a principal residence, the only required insurance is a \$1,000,000 umbrella policy on you or your owner's homeowner's policy. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party. We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine.~~

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if a product or supplier fails to meet our then-current criteria. You must reimburse all costs we incur to evaluate products and suppliers you propose.

#### **Current Source-Restricted Purchases and Leases**

We estimate 50% to 60% of the total purchases and leases to establish your Business and 10% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

##### *Computer Equipment*

Your computer system (hardware and software) must meet our standards and specifications. You may purchase your computer hardware from any supplier of your choosing. You must use the software that we designate.

##### *Grand Opening Marketing*

You must purchase the grand opening marketing from approved or designated vendors. You may not utilize any grand opening marketing items we have not approved.

##### *Marketing Materials and Services*

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you utilize a designated supplier to provide social media marketing on your behalf.

##### *Microsite Development and Maintenance*

You must purchase your Microsite and the associated maintenance exclusively from us.

### P&A Database

You must license access to our P&A Database exclusively from us.

### Billing and Collection Services

We are currently the exclusive supplier for invoicing and collection services.

### Text-to-Hire Platform

We require that you use our designated text-to-hire platform for all text-based hiring communications to ensure compliance with the 10DLC (10-Digit Long Code) texting rules. You may not use any alternative text messaging systems or providers without our prior written approval.

### Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc., including the following:

<u>Policy Type</u>	<u>Minimum Coverage</u>
<u>“All risk” Property Insurance</u>	<u>Replacement Value</u>
<u>Comprehensive General Liability Insurance*</u>	<u>\$1,000,000 per occurrence and \$2,000,000 in the aggregate</u>
<u>Privacy and Cyber Security Liability Insurance</u>	<u>\$1,000,000 per occurrence and \$1,000,000 in the aggregate</u>
<u>Business Interruption Insurance</u>	<u>At least 6 months</u>
<u>Employer’s Liability Insurance</u>	<u>Greater of \$100,000 per occurrence or statutory minimum</u>
<u>Worker’s Compensation Insurance</u>	<u>As required by law</u>

\* If you operate your P&A Agency from your home, you may obtain a \$1,000,000 umbrella policy (that will be added to the homeowner’s policy) instead of the separate commercial and general liability insurance listed above.

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 30 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

### Purchase Agreements

We may try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, there are no currently effective purchase agreements with negotiated pricing terms. We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup.

Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

### Franchisor Revenue from Source-Restricted Purchases

We are currently the exclusive designated supplier for the Microsite, P&A Database and billing and collection services. We may designate ourselves as an approved or designated supplier for other items in the future. No

person affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers (other than us) in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon franchisee purchase or leases. Our area representatives do not receive any rebates, payments or other material benefits from suppliers based on franchisee purchases.

Our total revenues during the fiscal year ended December 31, 2024 were \$8,189,202. During that year, we received a total of \$656,277 in revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us, such as starter kits, technology fees, and Microsite fees), which represents 8.01% of our total revenues for that year.

**ITEM 9**      **ITEM 9. FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the ~~f~~Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and ~~in other I~~tems of in this Disclosure Document.**

OBLIGATION		SECTIONS IN <del>the</del> <b>Franchise</b> AGREEMENT	DISCLOSURE DOCUMENT ITEM
<del>a.</del>	<u>a.</u> Site selection and acquisition/lease	<del>Section 2.2 of the</del> <b>Franchise Agreement</b> <u>7.1</u>	<del>ITEMS 11 and 12</del> <u>Item 7 &amp; Item 11</u>
<del>b.</del>	<u>b.</u> Pre-opening purchases/leases	<del>Sections 2, 10.1 of the</del> <b>Franchise Agreement</b> <u>6.3, 7.1, 11.4 &amp; 15.1</u>	<del>ITEMS 7 and 8</del> <u>Item 5, Item 7, Item 8 &amp; Item 11</u>
<del>c.</del>	<u>c.</u> Site development and other pre-opening requirements	<del>Section 2.2 of the</del> <b>Franchise Agreement</b> <u>7.1 &amp; 7.2</u>	<del>ITEMS 7, 8 and 11</del> <u>Item 6, Item 7 &amp; Item 11</u>
<del>d.</del>	<u>d.</u> Initial and ongoing training	<del>Section 5 of the</del> <b>Franchise Agreement</b> <u>5</u>	<del>ITEMS 6, 7 and 11</del> <u>Item 6, 7 &amp; Item 11</u>
<del>e.</del>	<u>e.</u> Opening	<del>Section 10.1 of the</del> <b>Franchise Agreement</b> <u>7.2</u>	<del>ITEM 11</del> <u>Item 11</u>
<del>f.</del>	<u>f.</u> Fees	<del>Section 3 of the</del> <b>Franchise Agreement</b> <u>5, 6.2, 6.3, 6.7, 6.9, 6.10, 8.5, 10.1, 11.4, 11.6, 11.7, 13, 15.1, 16.1, &amp; 19.2</u>	<del>ITEMS 5, 6 and 7</del> <u>Item 5 &amp; Item 6</u>



OBLIGATION		SECTIONS IN <del>the</del> Franchise AGREEMENT	DISCLOSURE DOCUMENT ITEM
<del>g.</del>	<u>g.</u> Compliance with standards and policies/Operating Manual	<del>Section 8 of the Franchise Agreement</del> <u>6.1, 6.2, 10.3, 11 &amp; 17.1</u>	<del>ITEMS 8, 14 and 16</del> <u>Item 11</u>
<del>h.</del>	<u>h.</u> Trademarks and proprietary information	<del>Sections 6 of the Franchise Agreement</del> <u>17</u>	<del>ITEMS 13 and</del> <u>Item 13 &amp; Item 14</u>
<del>i.</del>	<u>i.</u> Restrictions on products/services offered	<del>Section 10.5 of the Franchise Agreement</del> <u>11.3</u>	<del>ITEMS 8 and</del> <u>Item 16</u>
<del>j.</del>	<u>j.</u> Warranty and <del>customer</del> <u>client</u> service requirements	<del>Section 10.4 of the Franchise Agreement</del> <u>6.7(e)</u>	<del>ITEM 16</del> <u>Not Applicable</u>
<del>k.</del>	<u>k.</u> Territorial development <u>and sales quotas</u>	<del>Section 2.3 of the Franchise Agreement</del> <u>Not Applicable</u>	<del>ITEM</del> <u>Item 12</u>
<del>l.</del>	<u>l.</u> Ongoing product/service purchases	<del>Section 10.5 of the Franchise Agreement</del> <u>11.4</u>	<del>ITEMS 8 and 11</del> <u>Item 8</u>
<del>m.</del>	<u>m.</u> Maintenance, appearance and remodeling requirements	<del>Section 10.6 of the Franchise Agreement</del> <u>11.5</u>	<del>ITEM 6</del> <u>Item 11</u>
<del>n.</del>	<u>n.</u> Insurance	<del>Section 10.8 of the Franchise Agreement</del> <u>15.1</u>	<del>ITEMS 6, 7 and</del> <u>Item 6, Item 7 &amp; Item 8</u>
<del>o.</del>	<u>o.</u> Advertising	<del>Section 9 of the Franchise Agreement</del> <u>10</u>	<del>ITEMS 6, 7 and</del> <u>Item 6, Item 7 &amp; Item 11</u>
<del>p.</del>	<u>p.</u> Indemnification	<del>Section 15.2 of the Franchise Agreement</del> <u>18</u>	<del>ITEM</del> <u>Item 6</u>
<del>q.</del>	<u>q.</u> Owner's participation/management/ staffing	<del>Section 10.11 of the Franchise Agreement</del> <u>8</u>	<del>ITEM</del> <u>Item 11 &amp; Item 15</u>
<del>r.</del>	<u>r.</u> Records <del>and</del> reports	<del>Section 10.9 of the Franchise Agreement</del> <u>15.2, 15.3</u>	<del>ITEM 11</del> <u>Item 6</u>

OBLIGATION		SECTIONS IN <del>the</del> <b>Franchise</b> AGREEMENT	DISCLOSURE DOCUMENT ITEM
<del>s.</del>	<u>s.</u> Inspections <del>and</del> /audits	Sections <del>10.9, 10.10</del> of the Franchise Agreement <del>16</del>	<del>ITEMS 6, 11 and 13</del> <u>Item 6 &amp; Item 11</u>
<del>t.</del>	<u>t.</u> Transfer	Section <del>14</del> of the Franchise Agreement <del>19</del>	<del>ITEMS 6 and</del> <u>Item</u> 17
<del>u.</del>	<u>u.</u> Renewal	Section <del>4</del> of the Franchise Agreement <del>4</del>	<del>ITEM</del> <u>Item</u> 17
<del>v.</del>	<u>v.</u> Post-termination obligations	Section <del>13</del> of the Franchise Agreement <del>21</del>	<del>ITEM</del> <u>Item</u> 17
<del>w.</del>	<u>w.</u> Non-competition covenants	Sections <del>11</del> of the Franchise Agreement <del>14</del>	<del>ITEM</del> <u>Item</u> 17
<del>x.</del>	<u>x.</u> Dispute resolution	Section <del>17</del> of the Franchise Agreement <del>22</del>	<del>ITEM</del> <u>Item</u> 17
<u>y.</u> Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)		<u>9 &amp;</u>	<u>Item 15</u>

## ITEM 10      ~~ITEM 10.~~ FINANCING

We do not offer direct or indirect financing. We do not guarantee ~~your~~ any of your notes, leases or ~~other~~ obligations.

## ITEM 11      ~~ITEM 11.~~ FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

### **Pre-Opening Assistance**

Before you open your P&A Agency, we will:

(1) ~~Approve the location of your Agency. Typically, you will operate your office from your home if you are purchasing a single Unit, but you may choose to lease your office space subject to our consent. You are solely responsible for locating, securing and evaluating the suitability of your office and, if applicable, for the review and negotiations of your lease. We do not typically own the premises and then lease it to the franchisee. You are solely responsible for conforming the premises to local~~

~~ordinances and building codes, as well as obtaining any required permits, and/or constructing, remodeling or decorating the premises, and/or hiring and training employees. (Franchise Agreement—Section 2.2).~~

~~We will approve or disapprove your site within 30 days of submission. If we do not agree, you can submit multiple sites until we reach an agreement. Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Agency will be profitable or successful by being located at the approved location. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience. If you purchase a Territory that does not include your home zip code, you must have a business presence in your Territory. In reviewing a proposed site, we consider factors such as:~~

- ~~▪ condition of the premises~~
- ~~▪ demographics of the surrounding area~~
- ~~▪ proximity to other P&A Agencies~~
- ~~▪ lease requirements~~
- ~~▪ overall suitability~~

~~(2) Designate your Territory. (Franchise Agreement—Section 2.3).~~

~~(3) Develop and provide for you a webpage and URL which is linked to our website. (Franchise Agreement—Section 5.9).~~

~~(4) Provide you with access to our proprietary database that maintains all of the candidates and all job openings. (Franchise Agreement—Section 5.7).~~

1. Provide access to our Manual which will help you establish and operate your P&A Agency. The Manual includes 147 pages. The Table of Contents is attached as EXHIBIT "E". (§6.1 & 11.2)

2. Provide our written specifications for the ~~products, equipment~~ goods and services you must purchase to develop, equip and operate your Business and a list of approved and/or designated suppliers for these goods and services. We do not ~~deliver or install any other items that you must purchase~~. (§11.2)

3. Setup and launch your Microsite, as further discussed below under “Advertising and Marketing”. (§6.7)

4. Grant you access to the P&A Database, as further discussed below under “Computer System”. (§6.2)

5. ~~(5) Provide an initial training program for you, program, as further discussed below under “Training Program”. (Franchise Agreement—Section 5.1).~~(§5)

~~(6) Provide approved suppliers or specification for the products, equipment and services you need to equip your Agency. (Franchise Agreement—Section 10.5).~~

~~We will provide you with the names of approved suppliers and the written specification for all of the products, equipment and services you will need. If you purchase branded items or a Starter Kit from us, we will deliver these items to you. We will also provide you with online access to (a) our proprietary software and database and (b) the microsite we develop for you. Except as otherwise disclosed above, we do not ~~deliver or install any items that you must purchase~~, lease or license.~~

~~(7) Provide to you, on loan, one copy of the Patrice & Associates Confidential Operations Manual (“Manual”), as described below. (Franchise Agreement—Section 8).~~

## **Time for Opening the Agency**

During the operation of your P&A Agency, we will:

1. Grant you access to the P&A Database and provide all associated maintenance and support, as further discussed below under “Computer System”. (§6.2)
2. Provide you with a mentor during the 90-day period after you commence operating your P&A Agency, as further discussed below under “Training Program”. (§6.4)
3. Provide you with executive recruiting training after you complete initial training. (§5.3)
4. Conduct group telephone calls with you and other newly operational franchisees twice a week during the 6-week period after you commence operating your P&A Agency, as further discussed below under “Training Program”. (§6.4)
5. Provide our guidance and recommendations to improve the operation of your P&A Agency. (§6.5)
6. Administer the brand and system development fund, as further discussed below under “Advertising and Marketing”. (§10.1)
7. Provide all billing and collection services on behalf of your P&A Agency. (§6.7)
8. Maintain a corporate website to promote our brand, as further discussed below under “Advertising and Marketing”. (§6.3 & 10.3)
9. Provide ongoing maintenance and support for your Microsite, as further discussed below under “Advertising and Marketing”. (§6.3)
10. Provide periodic training programs, as further discussed below under “Training Program”. (§5)

During the operation of your P&A Agency, we may, but need not:

1. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.10)
2. Hold periodic conferences to discuss relevant business and operational issues such as industry changes or new recruiting services, strategies and techniques. (§5.6)
3. Provide additional training or assistance that you request, as further discussed below under “Training Program”. (§5)
4. As an optional service, assist you with the offer and sale of your P&A Agency under the terms described in the Franchise Resale Agreement attached to this Disclosure Document as EXHIBIT "D"-4. You must pay the compensation described in the Franchise Resale Agreement for the services we provide.

## **Training Program (§5)**

### *Initial Training Program*

We provide an initial training program for the Managing Owner. If you hire a Recruiter and/or Manager, those individuals must also attend and successfully complete our initial training program. You may send other owners and employees to initial training, but it is not required. After opening, you have the option to train new Recruiters you hire using the Proctor Program as discussed in more detail further below. Your Managing Owner must successfully complete initial training to our satisfaction before you commence operating your P&A Agency. However, there is no specific period of time after signing the Franchise Agreement, or before opening, that training must be completed.

The initial training program is conducted virtually. Trainees may complete training from their homes. The initial training program is offered on a monthly basis. Currently, our initial training program consists of the following topics:

### TRAINING PROGRAM

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS ON THE JOB TRAINING</u>	<u>LOCATION</u>
<u>Digital Marketing</u>	<u>.5</u>		<u>Virtual</u>
<u>Formula for Success</u>	<u>.5</u>		<u>Virtual</u>
<u>Concepts/ Positions</u>	<u>.5</u>	<u>1</u>	<u>Virtual</u>
<u>Proprietary ATS</u>	<u>3</u>	<u>3</u>	<u>Virtual</u>
<u>Selecting Jobs</u>	<u>1</u>	<u>1</u>	<u>Virtual</u>
<u>Sourcing Candidates</u>	<u>6</u>	<u>4</u>	<u>Virtual</u>
<u>Screening Candidates</u>	<u>2</u>		<u>Virtual</u>
<u>Sending Candidates to Jobs</u>	<u>2</u>		<u>Virtual</u>
<u>Scheduling Candidates with Clients</u>	<u>.5</u>		<u>Virtual</u>
<u>Safeguarding/ Securing Placements</u>	<u>.5</u>		<u>Virtual</u>
<u>Sourcing Plan</u>	<u>1</u>	<u>3</u>	<u>Virtual</u>
<u>Recruiting Role Play</u>	<u>1</u>		<u>Virtual</u>
<u>Making Calls</u>	<u>3</u>		<u>Virtual</u>
<u>Client Development 101</u>	<u>.5</u>		<u>Virtual</u>
<u>Time Management</u>	<u>.5</u>		<u>Virtual</u>
<u>Contact Management</u>	<u>1</u>	<u>1</u>	<u>Virtual</u>
<u>Job Boards/ Advertising</u>	<u>1</u>	<u>1</u>	<u>Virtual</u>
<u>OJE Recruiting</u>		<u>12</u>	<u>Virtual</u>
<u>Total</u>	<u>24.5</u>	<u>26</u>	

In addition to the virtual training described above, we provide you with a mentor (who may be an established franchisee) during the 90-day period after you commence operating your P&A Agency. During this time, your mentor will hold daily one-on-one calls with you (on business days only) to provide mentoring, coaching and support. During the 6-week period after you commence operating your P&A Agency, a franchisor representative will also conduct 2 group calls each week with you and other newly operational franchisees to provide additional guidance, training and support for the development of your P&A Agency.

#### Executive Recruiting Training & Certification

Before participating in executive recruiting, you must complete the executive recruiting training and certification. Executive recruiter training and certification is a supplemental module to our initial training. It addresses executive recruiting (also known as executive search), which involves placing higher-level candidates under retained or partially retained fee arrangements. The training covers securing clients, sourcing top-tier talent, and guiding candidates through the placement process.

#### Post-Opening Training Programs

All new Recruiters you hire must complete our initial training program. You may train these Recruiters yourself using the Proctor Program if you are certified to do so. Otherwise, we train your Recruiters.

Any new Managing Owner or Manager you appoint must successfully complete our initial training program within 45 days after he or she is hired or appointed.

You may request that we provide additional training. We are not required to provide this additional training.

We may also provide ongoing business development training covering various topics such as hiring and training Recruiters, business expansion, client development, leadership training and territorial enhancement.

### Training Materials

The training materials consist of the Manual . We do not charge additional fees for training materials.

### Instructors

Our current instructors include Jason Miller, George Wooten and Brian Martin. Award Winning Senior Franchisees may also provide training. ~~Any trainers will~~ All instructors have at least ~~one~~ 1 year of experience with us and in the field. Our current ~~trainers'~~instructors and their qualifications are ~~as follows:~~listed below.

Jason C. Miller has been our Chief Executive Officer since December 2024. He has also served as our Vice President Franchise Development from December 2022 to November 2024 in Southbury, CT. - From June 2016 to November 2022 he served as Vice President Franchise Development for PAF (our predecessor and indirect parent) in Southbury, CT. -He has 9 years of experience in the executive recruitment field.

George Wooten joined the Patrice & Associates system in 2016 as a franchisee and regional developer. Mr. Wooten has 33 years of experience in the restaurant industry, including serving as the Chief Operating Office of a fast-food chain. He has 9 years of experience in the executive recruitment field.

Brian Martin joined the Patrice & Associates system in 2011 as a franchisee. He has 28 years of experience in the restaurant industry, including serving as a general manager for a multi-unit restaurant. He has owned a P&A Agency for 14 years. He has 14 years of experience in the executive recruitment field, all of which has been with us.

### Training Fees and Costs

We provide our pre-opening initial training program for your Managing Owner in exchange for the \$7,000 initial training fee. There is no additional charge if you send more owners to initial training. If you choose to hire a Manager, the Manager must complete our required training program. You pay us a \$3,500 training fee for each Manager we train. When you hire a new Recruiter, you pay us: (a) no training fee if you train the Recruiter using the Proctor Program; or (b) a \$500 training fee if we train the Recruiter. If we provide onsite training or assistance, you must also reimburse us for all costs we incur for meals, travel and lodging. We do not charge a training fee for any other training programs we may offer. You are responsible for any costs your trainees incur for training, including wages, travel and living expenses.

### Site Development (§7.1)

Patrice & Associates is a home-based business. We do not impose any standards or have any requirements for your home office.

We do not anticipate that many franchisees will purchase or lease separate commercial office space for purposes of operating their P&A Agency. If you choose to lease commercial office space, we do not impose any standards or specifications except that your office must be located in your territory and present a professional appearance. You do not need our approval of your office location or your lease. There are no restrictions on your ability to relocate your office within your territory. We do not select the site for your office and we do not purchase the premises and lease it to you.



## Opening Requirements (§7.2)

~~Upon~~ We expect most franchisees will open within 60 days after signing the Franchise Agreement. Factors that may affect this time include: ~~you will be provided access to our proprietary database, which allows you to immediately begin your recruiting efforts.~~

- the amount of time needed to secure insurance, licenses and permits
- delayed delivery or installation of ~~equipment and supplies~~
- the amount of time needed to complete training

You may not open your P&A Agency prior to receipt of our written authorization to open. We need not issue our authorization to open until all of the following conditions are met:

~~• As such, your Agency is considered open for business as soon as you~~ the initial trainees successfully complete the initial training program. ~~We estimate that the typical length of time between signing of the Franchise Agreement and the opening of your Agency is approximately 30 days. Factors affecting the length of time usually include satisfactorily completing the initial training, obtaining all necessary ~~equipment and supplies~~, and obtaining all necessary licenses or permits (in the event they are required). The opening of the franchise may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You will use your best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event actually prevents completion. You must notify us of any such delays promptly. You must open within 90 days after you sign the Franchise Agreement or we have the right to terminate the Franchise Agreement.~~

## **Post-Opening Assistance**

After the opening of the Agency, we will:

- ~~(1) Provide you access and ongoing maintenance and support to the database containing candidates and job postings. (Franchise Agreement—Section 5.7).~~
- ~~(2) Provide you billing and collections services. (Franchise Agreement—Section 5.8).~~
- ~~(3) Provide ongoing maintenance and support of your webpage at our website, advertising the location and services to be provided by your Agency. (Franchise Agreement—Section 5.9).~~
- ~~(4) Provide a reasonable amount of support via telephone, email, conference calls and on-line training. (Franchise Agreement—Section 5.5).~~
- ~~(5) Furnish you, at your request, with additional guidance, assistance, training and certification of recruiters on the terms we designate. We reserve the right to charge a reasonable fee. (Franchise Agreement—Sections 5.2).~~
- ~~(6) Provide to you twice a week telephone calls with our franchisees during the first 6 weeks your Agency is open in order to provide you additional training and support (Franchise Agreement—Section 5.1).~~
- ~~(7) Provide to you access to a mentor who will communicate with you periodically for the first 90 days your Agency is in operation (Franchise Agreement—Section 5.1).~~

(8) ~~Continue to lend you the Manual. (Franchise Agreement—Section 8).~~

(9) ~~Establish and have exclusive control over the prices (including minimum and maximum prices), discounts, specifications, and all other terms and conditions governing the sale of products to you, if any. Pricing of products is subject to change at any time or from time to time, effective upon notice to you. (Franchise Agreement—Section 10.5)~~

~~The Manual may be in paper or electronic form, and includes any other items as may be provided, added to, changed, modified or otherwise revised by us from time to time. It contains or describes the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, us. The Manual is confidential and remains our property. You will operate your Agency in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to the Manual, which we may provide to you in writing, either in document or electronic form, all of which are a part of the Manual.~~

~~You must treat the Manual, any other manuals or written materials provided by us or our Affiliate for use in the operation of the Agency, (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise make them available to any unauthorized person. The Manual must be kept in a secure place within your Agency. It must be returned to us upon termination or expiration of your Franchise Agreement.~~

~~We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit C to this disclosure document. As of the date of this disclosure document, the Manual is 147 pages.~~

## **Advertising**

### Marketing Fund

~~To assist in our regional and national advertising, we have developed a System-wide marketing fund ("Marketing Fund" or "Fund"), and you must contribute 2% of your Gross Sales weekly to the Fund. We will administer the Marketing Fund. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. The marketing and advertising paid for by the Marketing fund will be regional and national in scope. We have no obligation to expend our own funds or resources for any marketing activities in your area. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Marketing Fund. We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist; providing promotional brochures; conducting~~



~~market research; and providing other marketing materials to franchisees). We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Marketing Fund. We will not use Marketing Fund contributions for any activity whose sole purpose is for the direct solicitation of franchise sales. We expect to use all contributions in the fiscal year they are made, however if we do not use all of the contributions in that year, we will carry it over to the next year. We will use any interest or other earnings of the marketing fund before we use current contributions. We intend for the marketing fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the marketing fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share. All P&A Agencies owned by us or an affiliate will make similar contributions to the Marketing Fund as required of franchisees. We will have an unaudited accounting of the marketing fund prepared each year and we will provide you with a copy if you request it. The Marketing Fund is not a trust and we assume no fiduciary duty in administering the marketing fund. As of our fiscal year ending December 31, 2023, 53% of the Fund's monies were spent on media placement, 13% of the Fund's monies were spent on administrative items, and 34% on production. Except for salaries of any marketing personnel that may be employed by us, we do not and will not receive compensation for providing goods or services to the fund.~~

### Local Advertising

~~Other than as described below, you do not need to spend a minimum amount on local advertising. You must submit all of your own advertising, marketing and sale promotion materials to us or our national advertising agency for prior consent. If you do not receive written approval of submitted materials within 20 days after we or our advertising agency receives them, then the materials are deemed rejected. You will not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”). We have no obligation to conduct any advertising or marketing in your territory or elsewhere except for our obligation to administer the Marketing Fund.~~

~~Any advertising to solicit candidates for job openings, must reflect that that the Agency is an equal opportunity employer and must specifically include the phrase “equal opportunity employer” in the text of the advertising. The Franchisor is not liable for any equal opportunity employer violations brought against the Franchisee and/or Agency by the Equal Employment Opportunity Commission or otherwise.~~

- you purchase all required insurance policies and provide us with evidence of coverage
- you obtain all required licenses, permits and other governmental approvals

Unless we agree to the contrary, you must open your P&A Agency within 90 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline, unless the failure to meet the deadline is caused by an event of force majeure (e.g., factors or circumstances outside your control).

### Advertising and Marketing (§10)

We provide the advertising and marketing support discussed below. You must participate at your own expense in all advertising, promotional and marketing programs we require. You are not required to participate in an advertising cooperative. We have established a franchise advisory council, referred to as the “Patrice & Associates Franchise Advisory Council”, which may provide us with non-binding suggestions and recommendations on various matters relevant to the franchise system, including marketing and advertising matters.

~~We will develop your webpage and maintain the webpage and update any necessary technical changes. You are restricted from establishing a presence on, or marketing on the Internet without our consent. We have an Internet website at the uniform resource locator [www.patriceandassociates.com](http://www.patriceandassociates.com) (“Website”) that provides information about the System and about P&A Agencies. We will include at the Patrice & Associates website an interior page containing information about your Agency. All information must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Website. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Agency on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to the social media outlet. We do not require that you spend any minimum amount of money on local advertising or marketing. You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 20 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. We have the right to cease granting you permission to operate any social media outlet at any time and to require you to give us administrative control and/or log-in information for any social media site you operate for the promotion of the Agency. Our failure to approve them within the 20-day period constitutes our disapproval.~~ You may, but are not required to, use online job boards in your advertising efforts. If you choose to use an online job board, you will be required to make payments directly to the third-party online job board provider.

~~There are currently no requirements for participation in an advertising council or any local advertising cooperatives, though we reserve the right to establish an advertising council or advertising cooperatives in the future.~~

## **~~Computer Hardware and Software~~**

~~You must purchase and use any hardware and software programs we designate. Presently, you will have access and can use our software that we provide to you in exchange for the Proprietary Database Fee. We also require you to purchase the following hardware and software: Laptop and optional secondary workstation which are not older than 3 years old. You will need a minimum of Microsoft Office including Outlook, Windows, desk top version of QuickBooks and a web browser preferably Google Chrome. You must use an endpoint protection system to ensure the security of your computer systems and data. This includes installing and maintaining up-to-date virus and malware protection software on all devices used in the operation of the franchise. The endpoint protection system must be configured to provide real-time threat detection and remediation and automatic updates to ensure the software is up-to-date and able to defend against the latest security threats. Failure to comply with these requirements may be considered a default under the Franchise Agreement. The approximate cost of the hardware that you will need to support and run the required software ranges~~

~~from \$500 to \$1,000. The computer systems may generate and store the following types of data: sales, inventory, customer, employee, supplier, tax and accounting, and analytics data.~~

~~You do not have to enter into any ongoing maintenance or support agreements for the maintenance of a computer system. You may periodically be required to update or upgrade computer hardware and software at your sole cost, if we believe it is necessary, which we estimate will be approximately between \$0 and \$1,000 per year. We may introduce new requirements or modify our specifications and requirements for computer systems. There are no limits on our rights to do so. We have the right to full and independent access of all the information you collect or compile, information, data, and emails from the computer systems, at any time without first notifying you.~~

~~We have the right to require you to update, replace or modify the types of computer hardware and software we require at your sole expense. You will be required to sign whatever type of licensing agreement is required for any new or different type of software.~~

## **Training**

~~We provide you an initial training program that covers material aspects of the operation of the Agency, which you must complete to our satisfaction. The initial training program is offered on an as needed basis and is provided virtually. If you hire a recruiter or a designated manager, they must also attend and successfully complete the initial training program at your expense or you will have the option of training recruiters yourself using the Proctor Program. If you elect to train your recruiters using the Proctor Program, you pay us our then current fee for each recruiter trained (not currently charged). If you elect not to train your recruiters using the Proctor Program, then they must be trained by us and the fee is currently \$2,000 per recruiter. Your Agency must at all times be under the day-to-day supervision of you or a designated manager who has satisfactorily completed our initial training program. If you hire a designated manager, he or she has 45 days to attend and complete initial training. Currently the charge for training a designated manager is \$3,500 plus you are responsible for their expenses.~~

### **TRAINING PROGRAM**

All advertising to soliciting candidates for job openings, must reflect that ~~that the~~ your P&A Agency is an equal opportunity employer and must specifically include the phrase “equal opportunity employer” in the text of the advertising. ~~The Franchisor is~~ We are not liable for any equal-opportunity-employer violations brought against the Franchisee and/or you or your P&A Agency by the Equal Employment Opportunity Commission or otherwise.

Any text-message recruiting or advertising campaigns you conduct must follow our brand guidelines and scripts to protect our proprietary marks and avoid regulatory violations. If we provide you with scripts or templates for text messages, you must use them as instructed. Your failure to implement or maintain the text-to-hire platform, follow our guidelines, or comply with 10DLC regulations may expose you and the franchise system to significant legal and financial risks. You will bear sole responsibility for such noncompliance and must indemnify us from any associated losses, fines, or damages.

#### Local Marketing Assistance From Us

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an “as-needed” basis. We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which

case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third-party suppliers who create advertising or marketing materials for your purchase.

#### Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host your Microsite to promote your P&A Agency, which will be linked to our corporate website. The \$7,000 Microsite fee you pay us covers the development and ongoing maintenance of your Microsite during the term of your Franchise Agreement. We can modify or discontinue our website (and your Microsite) at any time. Under current policy, you may not: (a) develop, host, or otherwise maintain any website (other than the Microsite we provide) or other digital presence relating to your P&A Agency (including any website bearing our Marks); or (b) utilize the Internet to conduct digital or online advertising or otherwise engage in ecommerce. However, under current policy we permit you to market your P&A Agency through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy (as revised from time to time)
- you must immediately remove any post we disapprove (even if it complies with our social media policy)
- we may require that you utilize a supplier we designate for social media marketing services
- you provide us with full administrative rights to your social media accounts
- we retain ownership of all social media accounts relating to your P&A Agency

#### Brand and System Development Fund

We have established and administer a brand and system development fund to promote public awareness of our brand and improve our System. We may use the fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the fund
- preparing and distributing financial accountings of the fund
- any other programs or activities we deem appropriate to promote or improve the System

- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Advertising can be local, regional or national in coverage and utilize any media we deem appropriate, including digital, print, television and radio. The fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must contribute 2% of your Gross Sales to the fund. We deposit all fund contributions paid by you and other franchisees into the fund. Any company-owned P&A Agency will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned P&A Agency that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2024, we spent the marketing funds in the following manner:

<u>Allocation of Marketing Expenditures (2024)</u>				
<u>Use of Funds</u>	<u>Production</u>	<u>Media Placement</u>	<u>Administrative Expenses</u>	<u>Other*</u>
<u>Percentage Allocation</u>	<u>0%</u>	<u>73%</u>	<u>27%</u>	<u>0%</u>

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund is not a trust and we have no fiduciary obligations with respect to our administration of the fund. Once established, we may discontinue the fund at any time upon at least 30 days' prior notice.

#### **Advisory Council (§12)**

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any P&A Agency operated by us or our affiliates would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.



**Computer System (§6.2, 6.9, 11.4, 11.5, 11.6, 15.3 & 16.1)**

You must purchase and use all Technology Systems we designate from time to time. Our required Technology Systems may include computer systems, data management systems, point-of-sale system, telecommunications systems, security systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. We may change the components of the Technology Systems from time to time, including your computer system.

*Email Addresses*

We will provide you with one or more email addresses for use with your P&A Agency. You and your Recruiters must exclusively use the email address(es) we provide for all communications with us, Applicants, Clients, Referral Sources, suppliers and other persons relating to your P&A Agency. You may not use any email address we provide for any purpose unrelated to your P&A Agency. We will own the email addresses and accounts but allow you and your Recruiters to use them during the term of your Franchise Agreement.

*How Computer System Is Used*

The computer system will be used for accessing the P&A Database, financial accounting, preparing financial and operational reports and communicating via email.

*Ownership, Collection and Sharing of Data*

You must enter all data we specify into the P&A Database in the time and manner we require. You must record your call logs as well as new applicant contact information into the P&A Database. Your computer system will collect data regarding clients, job applicants, job openings, job postings, accounting information, call logs, and new applicant contact information. We have independent unlimited access to your Patrice & Associates email accounts (and emails) and all data entered into the P&A Database and there are no contractual limits imposed on our access. We also have independent unlimited access to the data entered into your QuickBooks Online account and there are no contractual limits imposed on our access. We do not have independent access to any other data collected on your computer system but we may inspect your computer system and access the data as part of an inspection.

We own all data relating to your business operations and all data pertaining to the Applicants and Clients you work with. We grant you a license to use this data solely for purposes of operating your P&A Agency. You must protect all personal data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

*Fees and Costs*

We estimate the initial cost of your computer system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will be as follows:

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
<b>Roles of a recruiter</b>	<b>.5</b>	<b>-</b>	<b>Virtual</b>
<b>Characteristics of a great candidate</b>	<b>1</b>	<b>-</b>	<b>Virtual</b>



Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Importance of building great resumes and cover letters	1	1	Virtual
Learning client companies	3	-	Virtual
Software terminology and usage	16	10	Virtual
Internet advertising and resume databases	2	2	Virtual
Developing your area of primary responsibility	2	3	Virtual
Developing business strategy	1	-	Virtual
Sourcing passive candidates	1	2	Virtual
Targeted goals for success	1	-	Virtual
Additional assistance		40	Virtual

COMPUTER SYSTEM – INITIAL FEES AND COSTS		
Item	Quantity	Cost
Windows Desktop or Laptop (Not more than 3 years old)	1	\$428 to \$928
Microsoft Office (with Outlook)	1	\$72
<b>Total</b>		<b>\$500 to \$1000</b>

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we charge a technology fee of \$350 per month (\$4,200 per year), for market research and development costs of recruiting software, ongoing cost of developing and maintaining enhancements and updates to CRM, franchisee CRM access, the email and text-to-hire platform for franchisees, and rising cost of technology. The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services (including the software, technology and related services covered by the technology fee): ~~Training will be conducted by Jason Miller, George Wooten and Brian Martin. Award Winning Senior Franchisees may also provide training. Any trainers will have at least one year of experience with us and in the field. Our current trainers' qualifications are as follows:~~

~~Jason C. Miller has been our Chief Executive Officer since December 2024. He has also served as our Vice President Franchise Development from December 2022 to November 2024 in Southbury, CT. From June 2016 to November 2022 he served as Vice President Franchise Development for PAF (our predecessor and indirect parent) in Southbury, CT.~~

~~George Wooten has 32 years of experience in the restaurant industry, including serving as the Chief Operating Office of a fast food chain. He is also a Regional Developer with us and has been a franchisee for seven years.~~

~~Brian Martin has 27 years of experience in the restaurant industry, including serving as a general manager for a multi-unit restaurant. He has owned an Agency for twelve years.~~

~~You will also have access to our Intranet site which contains podcasts, training materials and videos to provide additional assistance to you as well as monthly kickoff calls which you can dial into in order to participate. These are provided all at no additional charge to you.~~

~~For the first 90 days, a mentor will provide daily (business days only) one-on-one telephone calls generally with a support representative. Thereafter, we may also provide business development training, including hiring and training employees/recruiters, business expansion, client development, leadership training and territorial enhancement. Your payment of the Training Fee to us entitles you to this training at no additional charge to you.~~

~~We will also provide twice a week video conferences with our franchisees during the first 6 weeks following completion of initial training. In addition, you will be provided access to a mentor who will be an established franchisee. As described above, this mentor will call you periodically during the first 90 days your Agency is in operation.~~

~~Periodically, you, your designated managers, recruiters and/or employees must attend refresher training programs to be conducted at our headquarters or another location we designate, which may be at our annual conference. Attendance at these programs will be at your expense. Lastly, we may have annual conferences. Attendance at the Annual Conference is mandatory for you and your designated manager. The Annual Conference Fee is currently \$495 per person and it can be increased at our discretion. The Annual Conference Fee is due 30 days prior to the conference and will be automatically charged to your credit card for each person at your Agency who is required to attend (regardless of whether they attend). You will be responsible for all of the expenses you and your employees incur in attending the Annual Conference. If you are a new franchisee, you will pay the Annual Conference Fee at the time of initial training.~~

<u>COMPUTER SYSTEM – ONGOING FEES AND COSTS</u>			
<u>Item</u>	<u>Fee (Monthly)</u>	<u>Fee (Annual)</u>	<u>To Whom Paid?</u>
<u>QuickBooks Online</u>	<u>\$35 to \$99</u>	<u>\$420 to \$1,188</u>	<u>Intuit</u>
<u>P&amp;A Database</u>	<u>7% of weekly Gross Sales, plus \$60 per month for each Recruiter you hire</u>	<u>7% of weekly Gross Sales, plus \$720 per month for each Recruiter you hire</u>	<u>Us</u>
<u>Total</u>			

Maintenance, Support, Updates and Upgrades

In exchange for the licensing fees described above: (a) we will provide all require ongoing maintenance, support and updates for the P&A Database; and (b) the licensor of QuickBooks Online will provide all required maintenance, support, updates and upgrades for QuickBooks Online. Except as disclosed in the preceding sentence: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade or update your computer system and other Technology Systems to conform to our then-current specifications. There

are no contractual limitations on the frequency or cost of these updates or upgrades.

## **ITEM 12**      ~~**ITEM 12.**~~ **TERRITORY**

### **Franchise Agreement**

#### **Location of Your Business**

The Franchise Agreement grants you the right to operate one P&A Agency solely within the territory we designate. You must designate the location from which you will operate your P&A Agency. Your designated location must be within your territory but you do not need our approval of the specific site. You may operate your P&A Agency from a home office or you may choose to operate from separate commercial office space. You may relocate your designated location anywhere within your territory without our approval, but you must notify us of the relocation in advance.

#### **Your Territory**

~~We will assign you a specific territory which will be described in Exhibit I of the Franchise Agreement (“Territory”). We typically grant territories that consist of one or more adjacent zip codes, as determined by the United States Postal Service. However, we may define territories in any other manner we deem appropriate (for example, by reference to city or other municipal boundaries). We determine the boundaries of the Territory based on a variety of~~In determining a territory, we consider factors, including such as population, the amount of infrastructure in hospitality and retail, proximity to competitors, proximity to other franchisees and natural, physical or political boundaries. ~~Territories usually contain 250,000 in population and are described by zip codes. Typically, you will operate your office from your home if you are purchasing a single Unit, but you may choose to lease your office space subject to our consent. You are permitted to obtain clients and customers for your Agency anywhere within the United States while abiding by the rules in our Client Development Policy, which is a policy included in our Manuals that describes how you may solicit and serve clients and customers outside your Territory. However, client solicitation for your Agency must originate from within your Territory unless sourced during your normal course of business, referrals or circle of influence as outlined in the Manual. In other words, you cannot actively solicit clients within the territory of another P&A Agency, but you may, in certain instances, accept clients that are referred to you from third-party referral sources or generated through other passive means. There is no minimum-sized territory. However, most territories include a population of approximately 250,000 people. Population determinations are based on United States Department of Commerce Census Bureau census data using territory mapping software programs. The boundaries of your territory will be described in Part C of ATTACHMENT "A" to the Franchise Agreement at least 7 days before you sign it.~~

~~So long as you are not in default under the Franchise Agreement, we will not grant anyone else the right to establish and operate a P&A Agency from a place of business located anywhere within your Territory. However, other P&A Agencies may service clients located in your Territory as long as they obtain the clients through passive means. You must receive our written permission before relocating. If you find a new customer that has a job position which needs filling, we will include the job position in the database as “open”. If another P&A Agency fills the new customer's job position, you will receive 20% of the commission collected (less applicable fees).~~

Once your territory is established, we have no obligation to modify your territory based on subsequent changes to population. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

#### **Restrictions on Your Sales and Marketing Activities**

You are permitted to market and advertise outside of your territory, and you are permitted to contact and work

with Applicants, Clients and Referral Sources who reside or are located outside your territory, as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing (including our Client Development Policy); and (b) you do not engage in Targeted Marketing (defined below) outside of your Territory, regardless of whether it is directed into the territory of another P&A Agency or an open territory. For example, you can place an Applicant who resides within a territory assigned to another P&A Agency if the lead was referred to you by a friend or family member.

“Targeted Marketing” means advertising or marketing that is directed into a specific territory for purposes of soliciting Applicants, Clients or Referral Sources from within that territory. Marketing that is distributed, circulated or received both within your territory and within another territory is not considered “Targeted Marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to another P&A Agency. Targeted Marketing also does not include any marketing we conduct as part of our administration of the brand and system development fund or other system-wide marketing or advertising efforts. The meaning of “Targeted Marketing” that is “directed into a territory” may be further defined in the Manual, but examples include:

- direct mail sent to addresses located within a given territory
- telephone calls made to persons or businesses known to reside or be located within a given territory
- television or radio advertising intended to be published or played within a given territory
- advertising in a newspaper, magazine or other publication distributed to subscribers residing within a given territory
- social media or other digital marketing sent to smartphones or other devices with IP addresses registered within a given territory
- direct face-to-face marketing conducted from any physical location within a given territory, such as being an exhibitor at a job expo that takes place within a given territory

You can market your P&A Agency online utilizing the Microsite we develop and make available to you. Under current policy, we also permit you to market your P&A Agency through approved social media channels subject to the requirements described in Item 11 (see Section entitled “Websites, Social Media and Digital Advertising”). Except as otherwise provided above, you may not use alternative channels of distribution (such as the Internet, catalog sales or other direct marketing) to market or sell goods or services either within or outside your territory.

There are no other restrictions on your right to solicit Applicants, Clients and Referrals Sources, whether from inside or outside your territory.

### **Territorial Rights and Limitations**

~~We and our Affiliates retain and reserve: (i) all the rights to operate and to franchise or license to third parties the rights to operate businesses similar to a P&A Agency using the Systems and/or Marks anywhere except in your Territory; (ii) the right to go into any other business under the Marks or under marks different than the Marks anywhere; (iii) the right to sell services on the Internet; (iv) the right to sell some or all of the products and services authorized for sale by an Agency in any channel of distribution the Systems and/or Marks anywhere; (v) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Agency (but under different marks), at any location; and (vi) use the Marks and Systems, and license others to use the Marks and Systems, to engage in any other activities not expressly prohibited in your Franchise Agreement. We are not required to pay you if we exercise any of these rights specified above. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are not permitted to provide the~~

~~services of the Agency on the Internet or in any other alternative channel of distribution.~~

Although we do not grant exclusive territories, we do grant you certain territorial protections. During the term of your Franchise Agreement we will not: (a) operate, or authorize any person other than you to operate, a P&A Agency from a designated location within your territory; or (b) engage in, or authorize any person other than you to engage in, Targeted Marketing that is directed into your territory. Other P&A Agencies may contact and work with Applicants, Clients and Referral Sources who reside or are located within your territory (and place Applicants with Clients located in your territory) as long as they do not solicit the Applicants, Clients or Referral Sources through Targeted Marketing directed into your territory.

### Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services within your territory through alternative channels of distribution (such as the Internet, catalog sales or other direct marketing). These goods and services may be identified by trademarks or services marks that are the same or as different from the Marks licensed to you. You are not entitled to any compensation for sales that take place through alternative channels of distribution.

### Minimum Performance Requirements

~~With regard to any of the above sales, assignments and dispositions described in the above paragraph, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Marks (or any variation thereof) and System and/or the loss of association with or identification of “Patrice & Associates” as a franchisee. Your territorial protections under the Franchise Agreement. do. If we assign our rights in the Franchise Agreement, we are not required to remain in the recruiting business or to offer or sell any products or services to you.~~

~~You have no options, rights of first refusal, or similar rights to acquire additional franchises. Although we and our Affiliates have the right to do so, we and our affiliates have not operated or franchised and have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. Continuation of your rights in the Territory does not depend on your achieving a certain sales volume, market penetration or other contingencies.~~

### Additional Franchises and Territories

You are not granted any options, rights of first refusal, or similar rights to acquire additional territories or franchises.

### Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise, another business under a different trademark that sells products or services similar to the products or services offered by a P&A Agency. However, we reserve the right to do so in the future.

## **ITEM 13** ~~**ITEM 13.**~~ **TRADEMARKS**

~~You receive the right to operate your business under the name, Patrice & Associates®, which is the primary Mark used to identify our System. Patrice & Associates, Inc. obtained a registration of the following Mark on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:~~

We grant you the right to operate a P&A Agency under the trademark “Patrice & Associates” and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your P&A Agency or the products or services you sell. We may change the trademarks you may use from time to time, including by



discontinuing use of the Marks listed below. If this happens, you must change to the new trademark at your expense.

Our affiliate, Patrice IP, LLC, Inc., owns the following trademark that has been registered on the Principal Register of the United States Patent and Trademark Office:

<u>REGISTERED MARKS</u>		
Mark	Registration Number	Registration Date <u>(Last Renewal Date)</u>
<del>Patrice &amp; Associates</del> <del>(standard character</del> <del>mark)</del> <u>PATRICE &amp; ASSOCIATES</u>	3560253	January 13, 2009 <u>(February 14, 2018)</u>

All required affidavits have been filed and we have filed all required renewals.

~~On December 2, 2022, Patrice & Associates, Inc. assigned the Marks to Patrice IP, LLC, which is an affiliate of ours (“Affiliate”). On December 14, 2022, we entered into a~~ an Intellectual Property License a ~~Agreement with Affiliate Patrice IP, LLC (the “License Agreement”). Under the terms of the License Agreement, Affiliate Patrice IP, LLC granted us the right to use the Marks in the Patrice & Associates System and sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Affiliate Patrice IP, LLC is permitted to terminate the License Agreement only if we:~~ Agreement with Affiliate Patrice IP, LLC (the “License Agreement”). Under the terms of the License Agreement, Affiliate Patrice IP, LLC granted us the right to use the Marks in the Patrice & Associates System and sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Affiliate Patrice IP, LLC is permitted to terminate the License Agreement only if we: ~~(a) declare bankruptcy or become insolvent; if we and Affiliate mutually agree to terminate the License Agreement or if we breach Affiliate~~ (a) declare bankruptcy or become insolvent; if we and Affiliate mutually agree to terminate the License Agreement or if we breach Affiliate ~~(b) breach Patrice IP, LLC’s quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, the agreement it states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Other than the above, there are no agreements currently in effect that significantly~~ (b) breach Patrice IP, LLC’s quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, the agreement it states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Other than the above, there are no agreements currently in effect that significantly No other agreements ~~limit our rights to use or sublicense the use of the Mark in any manner material to the franchise.~~ Marks.

~~All necessary renewals and affidavits for the Marks have been filed as required by the United States Patent and Trademark Office. Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of the State of Arizona or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.~~

~~We know of no infringing or prior superior uses that could materially affect the use of the Marks in the State of Arizona or any other state in which the Agency is to be located. You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Agency. You must follow our rules when you useusing the Marks. You must use the Marks as the sole trade identification of the Agency. You cannot use a name or the Marks as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you unless you receive our prior written consent. You may notcannot use anythe Marks in connection withrelating to the sale of any unauthorized services or products, or in any other manner thatservice we dohave not authorized. in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.~~

~~You must immediately notify us when you learn about an infringement of, You must notify us immediately if you discover an infringing use (or challenge to your use of, any Mark, or any claim by any person of any rights in any~~



~~Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense) of the Marks. We will take the action we think appropriate, in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. We are not required to take any action if we do not feel it is warranted. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in~~We may require your assistance, but you may not control any proceeding or to otherwise protect and maintain our interests in litigation relating to our Marks. You must not directly or indirectly contest our or Patrice IP, LLC's right to the Marks.

The Franchise Agreement does not require ~~us to~~that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense and/or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving a our Marks or if the proceeding is resolved in a manner unfavorable to you.

~~If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Agency for the new or modified Marks at your own cost.~~

~~There are currently, we know of no:~~ (a) effective material determinations of the USPTO, tPatent and Trademark Office, the Trademark tTrial and aAppeal bBoard, the trademark administrator of thethis Sstate of Arizona or any court; (b) pending infringements, oppositions or cancellations; or (c) pending material litigation involving any of the Marks. We are not aware of any infringing uses that could materially affect your use of the Marks.]]

#### **ITEM 14** ~~**ITEM 14.**~~ **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents or pending patent applications are material to the franchise. ~~We own copyrights in the Manual, our Website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Agency and you must stop using them if we direct you to do so.~~

~~We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.~~

~~We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a P&A Agency. We will provide our trade secrets and other confidential information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Agency. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Agency. You are responsible for enforcing the confidentiality provisions as to your employees.~~

~~Certain individuals with access to trade secrets or other confidential information, including your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form we require. We will be a third-party beneficiary with the right to enforce those agreements.~~

~~All ideas, concepts, techniques or materials concerning the Agency and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.~~

~~Your use of the Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.~~

Although we have not filed an application for copyright registration for the Manual, our website, the P&A Database or our marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a P&A Agency. Examples include:

- methods and techniques
- standards and specifications
- policies and procedures
- Applicant and Client lists and information
- supplier lists and information
- marketing strategies
- financial information
- information comprising the System and P&A Database

We own all operational data, Applicant data and Client data relating to your P&A Agency. All data in the P&A Database is owned by us, even if you are another franchisee enters the data into the P&A Database. You must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement. We consider all information in the Manual and the P&A Database to be confidential.

We provide access to our confidential information through the Manual, the P&A Database, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your P&A Agency in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to any person (other than your employees on a need-to-know basis) without our prior permission.

You must promptly notify us if you discover any unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements known to us at this time.

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a P&A Agency.

## ITEM 15

## ~~ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS~~

~~Your Agency must always~~ must designate an owner with overall responsibility for the management and operation of your P&A Agency (the "Managing Owner"). The Managing Owner must:

- be approved by us
- successfully complete all training programs we require
- dedicate full-time efforts to the Business (unless you hire a Manager)
- have general management power and authority of the business affairs of the P&A Agency, including the power and authority to act on your behalf and legally bind you
- at all times hold at least a 51% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement

You may hire a manager (your "Manager") to manage, or to assist the Managing Owner with management of, your P&A Agency. The Managing Owner is not required to dedicate full-time efforts to your P&A Agency as long as a trained Manager is managing your P&A Agency. Any person you hire as a Manager must:

- successfully complete all training programs we require (including completion of initial training within 45 days after being hired)
- dedicate full-time efforts to the management and supervision of your P&A Agency
- have general management power and authority of the business affairs of the P&A Agency, including the power and authority to act on your behalf and legally bind you

At all times, your P&A Agency must be under the direct, full-time, day-to-day supervision of ~~a designated manager, either the Managing Owner or a trained Manager. If you are an individual, we may require you to be the designated manager of the Agency. If we require you to be the designated manager, you must request our consent to select another individual to replace you as the designated manager. If you are a corporation or other business entity, you will select a designated manager for the franchise and we may require that the individual you select be an owner of the Agency. The designated manager must attend and satisfactorily complete our initial training program before operating the Agency. You must keep us informed at all times of the identity of your designated manager. If you must replace the designated manager, your replacement must attend and satisfactorily complete our initial training program within 45 days of starting work. The Managing Owner must monitor and supervise the activities of the Manager to ensure the P&A Agency is operated in accordance with the Franchise Agreement and Manual. We do not require that your Manager or other employees~~ own any equity interest in the franchise.

~~Your recruiters, designated manager and supervisory employees (if any) will be required to sign nondisclosure and non-competition agreements in a form acceptable to us, but none are required to own any interest in the franchisee entity (assuming none are you). We will be a third party beneficiary with the independent right to enforce the agreements.~~

All of your employees, agents and representatives who may have access to our confidential information (including all Recruiters and Managers) must sign the Brand Protection Agreement. ~~If you are a corporation or other business entity, anyone who owns an~~ If you are an entity, each owner (i.e., each person holding an ownership interest in the entity you) and their spouses must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "B".

**ITEM 16**      ~~ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL~~

~~You must offer the services we specify. You may not sell any services that we have not authorized and you must discontinue offering any services that we may disapprove. We may take action, including terminating your Franchise Agreement if you purchase or sell unapproved services or make purchases from unapproved suppliers. There are no limits to our rights to change the required or authorized services or products which you must provide. You will be required to comply within 30 days of notification.~~

~~Subject to the restrictions explained above, you will be permitted to solicit clients and customers anywhere and you understand that other P&A Agencies are permitted to solicit clients and customers anywhere.~~

We must approve all goods and services you sell. You must offer the all goods and services we specify require. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell and you must comply with the change.

**ITEM 17**      ~~ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION~~  
**THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the franchise agreement and related agreements. You should read these provisions in the agreements s attached to this Disclosure Document.

<u>THE FRANCHISE RELATIONSHIP</u>		
<del>PROVISION</del> <u>PROVISION</u>	<del>SECTION IN FRANCHISE AGREEMENT</del> <u>SECTION S IN AGREEMENT</u>	<del>SUMMARY</del> <u>SUMMARY</u>
<del>a. a.</del> Length of the franchise term	Section 4 of the Franchise Agreement <sup>1</sup> (Definition of “Term”) & 4.1	<del>The initial t</del> Term is <u>equal to 5 years.</u>
<del>b. b.</del> Renewal or extension of the term	Section 4 of the Franchise Agreement <sup>4.1 &amp; 4.2</sup>	<del>You may renew for 3 successive terms of 5 years each.</del> <u>If you meet our conditions for renewal, you can enter into 3 consecutive successor franchise agreements. Each renewal term will be 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).</u>

THE FRANCHISE RELATIONSHIP		
PROVISION PROVISION	SECTION IN FRANCHISE AGREEMENT SECTION S IN AGREEMENT	SUMMARY SUMMARY
e. c. Requirement s for franchisee you to renew or extend	Section 4 of the Franchise Agreement 4.1 & 4.2	<p><del>“Renewal” means extending your franchise relationship with us for an additional term. Conditions to renew include: you have fully complied with the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are</del> You must: not be in default; of any provision of the Franchise Agreement or any other agreement with us; sign a current give us timely notice; sign then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, the terms of which may differ substantially; comply with current training requirements; and you etc.); sign a general release (subject to state law); and upgrade equipment to current standards.</p> <p>We may refuse renewal if you receive 2 or more default notices from us during the term.</p> <p>If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.</p>
d. d. Termination by franchisee you	Not Applicable 20.1	<p><del>Not Applicable. You are permitted to terminate the Franchise Agreement by any grounds available by state law.</del></p> <p>You can terminate if we default and fail to timely cure.</p>
e. e. Termination by franchisor us without cause	Not Applicable 20.4	<p><del>Not Applicable</del> We can terminate without cause if you provide your written consent.</p>
f. f. Termination by franchisor us with cause	Section 12.1 of the Franchise Agreement 20.2 & 20.3	<p><del>If you do not satisfactorily complete training, do not open within 90 days after you sign the Franchise Agreement, or generally if you breach the Franchise Agreement.</del></p> <p>We can terminate if you default.</p>
g. g. “Cause” defined - curable defaults	Section 12.1 of the Franchise Agreement 20.2 & 20.3	<p>You have 10 days to cure any monetary defaults, and failure to maintain insurance and You have 30 days to cure all any others except those listed without an opportunity to cure in Section 12.1 of the Franchise Agreement default (other than defaults described below under “non-curable defaults”).</p>

THE FRANCHISE RELATIONSHIP		
PROVISION <u>PROVISION</u>	SECTION IN FRANCHISE AGREEMENT <u>SECTION S IN AGREEMENT</u>	SUMMARY <u>SUMMARY</u>
h. <u>h.</u> “Cause” defined — non- curable defaults	Section 12.1 of the Franchise Agreement <u>20.2</u>	<del>Non-curable defaults: conviction of felony or any crime of moral turpitude, abandonment, giving insufficient funds checks and bankruptcy</del>  <u>The following defaults cannot be cured: failure to successfully complete training; failure to open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; material misrepresentations; unauthorized invoicing or collection of Placement Fees; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; 2 or more breaches in any 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default.</u>
i. <u>i.</u> Franchisee's <u>Your</u> obligations on termination/ non- renewal	Section 12.2 of the Franchise Agreement <u>21.1</u>	<del>You must: stop operating the franchised business; stop using any trade secrets, confidential information, the System and the Marks; cancel or assign to us any assumed names; pay all sums owed to us; return the Manual and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.</del>  <u>Obligations include: cease use of intellectual property; cease access to P&amp;A Database; return Manual and branded materials; assign telephone numbers, listings, domain names and Applicant/Client information, contracts and accounts; cancel fictitious names; comply with data retention policies; pay amounts due (also see “r”, below).</u>
j. <u>j.</u> Assignment of contract by franchisor <u>us</u>	Section 14.1 of the Franchise Agreement <u>19.1</u>	<del>There are no</del> No restrictions on our right to assign <del>our interest in the Franchise Agreement.</del>
k. <u>k.</u> “Transfer” by franchisee— you — definition	Section 14.2 of the Franchise Agreement <u>1</u> (definition of “Transfer”) & <u>19.2</u>	<u>Includes ownership change or T</u> ransfer of contract or <del>ownership change</del> <u>assets.</u>



THE FRANCHISE RELATIONSHIP		
PROVISION <u>PROVISION</u>	SECTION IN FRANCHISE AGREEMENT <u>SECTIONS IN AGREEMENT</u>	SUMMARY <u>SUMMARY</u>
l. <del>1.</del> <u>Our</u> Franchisor's approval of transfer by <del>franchisee</del> <u>you</u>	Section 14.2 of the Franchise Agreement <del>1</del> (definition of "Permitted Transfer"), <u>19.2 &amp; 19.3</u>	<del>You may not Transfer without our prior written consent.</del>  <u>You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.</u>
m. <del>m.</del> Conditions for <del>franchisor</del> <u>our</u> approval of transfer	Section 14.2 of the Franchise Agreement <del>19.2</del>	<del>Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, and release signed (subject to state law).</del>  <u>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Business; and sign then-current form of franchise agreement for remainder of term (or at our option, take assignment of existing franchise agreement).</u> <u>You must: be in compliance with Franchise Agreement; upgrade equipment to current standards (or get a commitment from transferee to do so); pay transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; and sign general release (subject to state law).</u> <u>We must notify you that we do not intend to exercise our right of first refusal.</u>
n. <del>n.</del> <u>Our</u> Franchisor's right of first refusal to acquire <del>franchisee's</del> <u>your</u> business	Section 14.4 of the Franchise Agreement <del>19.5</del>	<del>We may</del> <u>can</u> match any offer for your <del>franchised</del> business. <del>or an ownership interest you propose to sell.</del>
o. <del>o.</del> <u>Our</u> Franchisor's option to purchase <del>franchisee's</del> <u>your</u> business	Not <del>a</del> <u>Applicable</u>	Not <del>a</del> <u>Applicable</u> .
p. <del>p.</del> <u>Your</u> Death or disability of <del>franchisee</del>	Section 14.3 of the Franchise Agreement <del>19.4</del>	<del>After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement.</del> <u>Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the P&amp;A Agency prior to transfer.</u>

THE FRANCHISE RELATIONSHIP		
PROVISION <u>PROVISION</u>	SECTION IN FRANCHISE AGREEMENT <u>SECTION S IN AGREEMENT</u>	SUMMARY <u>SUMMARY</u>
<del>q.</del> <u>q.</u> Non-competition covenants during the term of the franchise	<del>Section 11.1 of the Franchise Agreement</del> <u>14.3</u>	No involvement in a <del>Competitive</del> <u>competing</u> <del>B</del> <u>business</u> (as defined in the Franchise Agreement). This provision is subject to state law.
<del>r.</del> <u>r.</u> Non-competition covenants after the franchise is terminated or expires	<del>Sections 11.2, 11.3 of the Franchise Agreement</del> <u>14.3 &amp; 21.1</u>	<del>No involvement in a Competitive Business except as duly licensed by us for 2 years within your Territory or any P&amp;A Agency's territory. You will also be bound by a 2-year non-solicitation clause of customers and candidates in the Proprietary Database and you are not permitted to become employed by any of our clients. This provision is subject to state law.</del> <u>No involvement for 2 years in competing business within your territory or the territory of any other P&amp;A Agency. May not solicit Applicants or Clients in P&amp;A Database.</u>
<del>s.</del> <u>s.</u> Modification of the agreement	<del>Sections 16.6 of the Franchise Agreement</del> <u>24.3 &amp; 24.8</u>	<del>The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Confidential Operations Manual without your consent if the modification does not materially alter your fundamental rights.</del> <u>Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.</u>
<del>t.</del> <u>t.</u> Integration/merger clause	<del>Section 16.6 of the Franchise Agreement</del> <u>24.8</u>	Only the terms of the Franchise Agreement and <del>other related written</del> <u>its agree</u> attachments are binding (subject to state law). Any representations or promises <u>made</u> outside <del>of</del> the Disclosure Document and Franchise Agreement may not be enforceable. <u>Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.</u>
<del>u.</del> <u>u.</u> Dispute resolution by arbitration or mediation	<del>Section 17 of the Franchise Agreement</del> <u>22</u>	<del>Mediation and, subject to state law, arbitration in Maricopa County, Arizona.</del> <u>Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.</u>
<del>v.</del> <u>v.</u> Choice of forum	<del>Section 16.19 of the Franchise Agreement</del> <u>22</u>	Subject to state law, <del>any</del> <u>all mediation</u> , arbitration <del>must be pursued in courts located in</del> and litigation must take place in county where we <u>maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).</u>

THE FRANCHISE RELATIONSHIP		
PROVISION PROVISION	SECTION IN FRANCHISE AGREEMENT SECTION S IN AGREEMENT	SUMMARY SUMMARY
w.w. Choice of law	Section 16.18 of the Franchise Agreement 24.1	Subject to state law, Delaware law applies governs.

~~If a state regulator requires us to make additional disclosures related to the information contained in this franchise disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure documents as Exhibit F.~~

**ITEM 18**      ~~ITEM 18.~~ PUBLIC FIGURES

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

**ITEM 19**      ~~ITEM 19.~~ FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~This Item 19 includes historical information from the 196 P&A Agencies that were operating as of the Issuance Date of this Franchise Disclosure Document (“FPR 2023 Units”).~~

~~Obtaining your own customers is an important metric in the success of your Agency. In addition to your recruiting activities for candidates, you should dedicate at least two 1-hour periods weekly devoted to business development for new clients. Your goal should be a 50/50 mix of hires coming from corporate clients/open jobs in the system, and your own clients.~~

**Financial Performance Representation — FPR 2023 Units**

	Combined Placement Fees <sup>1</sup>	Executive Search Placement Fees Only <sup>1</sup>
Range of Placement Fees <sup>1</sup>	\$1,000 to \$50,000	\$5,000 to \$50,000
Average Placement Fee <sup>2</sup>	\$9,285	\$20,943
Median Placement Fee <sup>3</sup>	\$7,500	\$19,906

**Notes:**

## Defined Terms

For purposes of this FPR, the following terms have the meanings given to them below.

“FPR” means the financial performance representation set forth in Item 19 of this Disclosure Document.

“Franchised Outlet” means any P&A Agency that is owned by a franchisee.

“Measuring Period” means the period of time commencing January 1, 2024 and expiring December 31, 2024.

- ~~1. “Placement Fees” are the fees charged by franchisees when successfully placing a candidate with a client company. The FPR 2023 Units combined – “All pPlacement fFees” include paid, regular all placement fees for client agreements, which le ranged from \$1,000 to \$50,000 per hire. “We have excluded a small number of irregular, one-off placement fees that did not involve formal agreements, which are not part of a P&A Agency’s ordinary course of business and immaterial to the P&A Agency. Executive sSearch placementsPlacement fFees” are comprised of a subset of the ecombined placement fees that involve placement of executive management personnel, and which ranged from \$5,000 to \$50,000 per hire. We subtract from gross Placement Fees any fees associated with placements that fell through (“fallouts”) and any unused fees or credits that expired during the same timeframe.~~
- ~~2. The average combined placement fee charged by the FPR 2023 Units was \$9,285. Of the 196 FPR 2023 Units, 32% (or 63 units) had placement fees equal to or higher than \$9,285. We added all of the placement fees collected for hires with customers and then divided by the number of these placement fees to obtain an average. Of the 196 FPR 2023 Units, 43% (or 85 units) do executive search placements. The average executive search placement fee charged by the FPR 2023 Units that did executive search placements was \$20,943. Of the 85 FPR 2023 Units that do executive search placements, 47% (or 40 units) of these units had executive search placement fees equal to or higher than \$20,943. We added all of the executive search placement fees collected for hires with customers and then divided by the number of these placement fees to obtain an average.~~
- ~~3. The median combined placement fee in 2023 was \$7,500. The median was calculated by taking the middle value in the range of combined placement fees. The median executive search placement fee in 2023 was \$19,906. The median was calculated by taking the middle value in the range of executive search placement fees.~~

## Bases and Assumptions

“Qualifying Outlet” means any Franchised Outlet that satisfies all of the following criteria: (a) the outlet was open and operating throughout the entire Measuring Period; (b) the outlet is not a Resale Outlet; (c) the outlet made at least one placement during the Measuring Period.

“Resale Outlet” means any P&A Agency that has executed a resale agreement.

## System Statistics

For purposes of this FPR each P&A Agency may be referred to as an “outlet.” As of December 31, 2024 (the last day of the Measuring Period), there were 189 Franchised Outlets in operation, 100 of which are Qualifying Outlets. This FPR is limited to data from Franchised Outlets. There were no company-owned P&A Agencies in operations during 2024; therefore the FPR does not include data from Company-Owned Outlets. Of the 189 outlets that were open as of the end of the Measuring Period, 89 did not qualify as “Qualifying Outlets” because they did not make

at least one placement during the Measuring Period and therefore had no operations.

These figures are based on the actual placement fees for hires, without any deductions for fees, costs or expenses. ~~There FPR 2023 Units operate a substantially similar~~are no material differences between the operations of the Qualifying Outlets and the franchised business ~~as the P&A Agency~~ offered under this ~~d~~Disclosure ~~d~~Document.

**Financial Performance Representation**

The following table presents the historical financial results achieved by the Qualifying Outlets during the Measuring Period. These figures are based on the actual placement fees for hires, without any deductions for fees, costs or expenses.

<b><u>2024 Placement Fees of Qualifying Outlets</u></b>		
	<b><u>All Placement Fees</u></b>	<b><u>Executive Search Placement Fees</u></b>
<b><u>Combined Total Placement Fees</u></b>	<u>\$5,070,505</u>	<u>\$1,984,254</u>
<b><u>Average Placement Fee</u></b>	<u>\$10,121</u>	<u>\$23,622</u>
<b><u>Highest Placement Fee</u></b>	<u>\$97,500</u>	<u>\$97,500</u>
<b><u>Lowest Placement Fee</u></b>	<u>\$2,000</u>	<u>\$15,000</u>
<b><u>Median Placement Fee</u></b>	<u>\$7,920</u>	<u>\$19,500</u>
<b><u>Total Placements</u></b>	<u>501</u>	<u>84</u>
<b><u>Number &amp; Percent that Achieved/Surpassed Average</u></b>	<u>174 of 501 (35%)</u>	<u>25 of 84 (30%)</u>

Notes:

1. Source of Data: As we provide the billing and collection for all of our franchisees, we have all of the information regarding the collected fees. ~~There were no company owned P&A Agencies in operation during 2023.~~data has not been audited. ~~Therefore, all data is based on the historical results of franchised P&A Agencies.~~
2. The FPR does not include any expense information. As a franchisee, you will incur expenses, such as payroll, marketing, inventory replenishment, utilities as well as the initial and ongoing fees imposed under the Franchise Agreement.
3. Client Development Expectations: Success in the P&A business model is influenced in part by the franchisee’s ability to generate their own client base and leverage the P&A database. Franchisees are advised to allocate at least 20 hours per week specifically to new business development activities. Franchisees are encouraged to aim for a placement mix that reflects approximately 50% sourced from corporate clients and 50% from self-generated client relationships.

You should consult with your advisors to develop your own estimates of revenue for your P&A Agency.

~~Some of the~~Some P&A Agencies have ~~billed~~earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

~~These statements have not been audited, and may not be based on generally accepted accounting principles.~~ Written substantiation for ~~the~~this financial performance representations will be made available to ~~the prospective franchisee~~you upon your reasonable written request.

Other than the preceding financial performance representation, ~~Patrice & Associates Franchising, LLC does~~we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jason ~~C.~~ Miller, ~~CEO~~, 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255, or by phone at (301) 327-5059, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20      ~~ITEM 20.~~ OUTLETS AND FRANCHISEE INFORMATION

~~Table No. 1~~  
~~Systemwide Outlet Summary For Years 2021 to 2023~~

<del>TABLE No. 1 1 - SYSTEM-WIDE OUTLET SUMMARY F</del> <u>OR YEARS 2021<del>2</del> TO 2024</u>				
<del>Column 1</del> Outlet Type	<del>Column 2</del> Year	<del>Column 3</del> Outlets at the Start of the Year	<del>Column 4</del> Outlets at the End of the Year	<del>Column 5</del> Net Change
Franchised	2021 <del>2</del>	<del>180</del> <u>179</u>	<del>179</del> <u>1</u>	<del>-18</del>
	<del>2022</del>	<del>179</del>	<del>172</del>	<del>-7</del>
	2023	<del>172</del> <u>1</u>	<del>196</del> <u>188</u>	<del>+24</del> <u>17</u>
	<u>2024</u>	<u>188</u>	<u>189</u>	<u>+1</u>
Company- Owned <sup>*</sup>	2021 <del>2</del>	0	0	0
	202 <del>2</del> <u>3</u>	0	0	0
	202 <del>3</del> <u>4</u>	0	0	0
Total Outlets	2021 <del>2</del>	<del>180</del> <u>179</u>	<del>179</del> <u>1</u>	<del>-18</del>
	<del>2022</del>	<del>179</del>	<del>172</del>	<del>-7</del>
	2023	<del>172</del> <u>1</u>	<del>196</del> <u>188</u>	<del>+24</del> <u>17</u>
	<u>2024</u>	<u>188</u>	<u>189</u>	<u>+1</u>

~~Table No. 2~~  
~~Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)~~  
~~For Years 2021 to 2023~~



**TABLE-~~No. 2~~ 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (~~o~~ OTHER THAN ~~t~~ THE FRANCHISOR) For  
FOR YEARS 202~~1~~2 TO 2024**

Column-1 State	Column-2 Year	Column-3 Number of Transfers
<b>California</b> <u>CA</u>	202 <del>1</del> 2	0
	<u>2023</u>	<u>1</u>
	<u>2024</u>	<u>0</u>
<u>DE</u>	2022	0
	2023	<u>2</u> 0
<b>New York</b>	202 <del>1</del> 4	<u>0</u> 1
<u>NY</u>	2022	1
	2023	0
<b>Texas</b>	202 <del>1</del> 4	0
<u>TX</u>	2022	0
	2023	1
<b>Total</b>	202 <del>1</del> 4	<u>0</u> 1
<u>Total</u>	2022	1
	2023	2
	<u>2024</u>	<u>2</u>

**Table No. 3  
Status of Franchised Outlets  
For Years 2021 to 2023**

**TABLE-~~No. 3~~ 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 202~~1~~2 TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Termin- a- tions	Column-6 Non- Renewals	Column-7 Reacquired by Franchisor	Column-8 Ceased Opera- tions - Other Reasons	Column-9 Outlets at End of <del>the</del> Year
<b>AL</b>	<b>2021</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<u>AL</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>AZ</b>	202 <del>1</del> 4	<u>3</u> 1	1	<u>1</u> 0	0	0	0	<u>3</u> 2
<u>AZ</u>	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
<b>CA</b>	202 <del>1</del> 4	<u>1</u> 1 <u>4</u>	<u>3</u> * <u>0</u>	0	<u>2</u> 0	0	0	<u>1</u> 2 <u>4</u>

**TABLE No. 3 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021~~2~~ TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Terminations	Column-6 Non- Renewals	Column-7 Reacquired by Franchisor	Column-8 Ceased Operations - Other Reasons	Column-9 Outlets at End of the Year
<u>CA</u>	2022	12	2	0	0	0	0	14
	2023	14	2	4	0	0	2 <sup>++</sup>	10
<del>CO</del>	2021 <del>4</del>	<del>6</del> <u>10</u>	0	<del>0</del> <u>2</u>	<del>0</del> <u>1</u>	0	0	<del>6</del> <u>7</u>
<u>CO</u>	2022	<del>6</del> <u>5</u>	0	0	0	0	0	<del>6</del> <u>5</u>
	2023	<del>6</del> <u>5</u>	1	2	1	0	0	<del>4</del> <u>3</u>
<del>CT</del>	2021 <del>4</del>	<del>2</del> <u>3</u>	<del>2</del> <u>3</u>	0	0	0	0	<del>4</del> <u>6</u>
<u>CT</u>	2022	4	1	0	0	0	0	5
	2023	5	1 <sup>++</sup>	0	0	0	0	6
<del>DE</del>	2021 <del>4</del>	<del>1</del> <u>6</u>	1	0	0	0	0	<del>2</del> <u>7</u>
<u>DC</u>	<u>2022</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>DE</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
<del>FL</del>	2021 <del>4</del>	<del>1</del> <u>3</u> <u>2</u>	<del>2</del> <sup>**</sup> <u>0</u>	<del>1</del> <u>0</u>	0	0	0	<del>1</del> <u>4</u> <u>2</u>
<u>FL</u>	2022	14	<del>7</del> <u>6</u>	2	1	0	0	<del>1</del> <u>8</u> <u>17</u>
	2023	<del>1</del> <u>8</u> <u>17</u>	<del>3</del> <u>2</u>	2	1	0	0	<del>1</del> <u>8</u> <u>16</u>
	<u>2024</u>	<u>16</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>15</u>
GA	2021 <del>2</del>	<del>6</del> <u>5</u>	<del>1</del> <u>2</u>	<del>1</del> <u>3</u>	<del>0</del> <u>1</u>	0	0	<del>6</del> <u>3</u>
	<u>2023</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022 <del>4</del>	6	2	<del>3</del> <u>0</u>	<del>1</del> <u>0</u>	0	0	<del>4</del> <u>8</u>
	<del>2023</del>	<del>4</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>7</del>
<del>HI</del>	<del>2021</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del> <sup>+</sup>	<del>2</del>
<u>HI</u>	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**TABLE No. 33 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Terminations	Column-6 Non- Renewals	Column-7 Reacquired by Franchisor	Column-8 Ceased Operations - Other Reasons	Column-9 Outlets at End of the Year
<u>ID</u>	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
IL	<del>2021</del> <u>2</u>	<del>43</del> <u>0</u>	<del>10</del> <u>0</u>	0	0	0	<del>1*</del> <u>0</u>	<del>43</del> <u>0</u>
	<del>2022</del>	<del>4</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
	2023	3	<del>3</del> <u>1</u>	0	0	0	0	<del>6</del> <u>4</u>
<del>IN</del>	<del>2021</del> <u>4</u>	4	<del>0</del> <u>1</u>	0	0	0	0	<del>4</del> <u>5</u>
<u>IN</u>	2022	4	1	0	1	0	0	4
	2023	4	0	0	0	0	0	4
<del>IA</del>	<del>2021</del> <u>4</u>	<del>24</del> <u>0</u>	0	0	0	0	0	<del>24</del> <u>0</u>
<u>IA</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
<del>KS</del>	<del>2021</del> <u>4</u>	<del>12</del> <u>0</u>	0	<del>0</del> <u>1</u>	<del>0</del> <u>1</u>	0	0	<del>10</del> <u>0</u>
<u>KS</u>	2022	1	1	0	0	0	0	2
	2023	2	1	1	0	0	0	2
<del>KY</del>	<del>2021</del> <u>4</u>	<del>42</del> <u>0</u>	0	0	0	0	0	<del>42</del> <u>0</u>
<u>KY</u>	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<del>2021</del> <u>2</u>	2	0	0	0	0	0	2
LA	<del>2022</del> <u>3</u>	2	0	0	0	0	0	2
	<del>2023</del> <u>4</u>	2	0	0	0	0	0	2
<del>MD</del>	<del>2021</del>	<del>13</del>	<del>2</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>2</del>	<del>12</del>
<u>MD</u>	2022	<del>12</del> <u>8</u>	0	0	3	0	0	<del>9</del> <u>5</u>
	2023	<del>9</del> <u>5</u>	1	0	0	0	0	<del>10</del> <u>6</u>
<del>MA</del>	<del>2021</del> <u>4</u>	<del>46</del> <u>0</u>	<del>10</del> <u>0</u>	<del>0</del> <u>2</u>	0	0	<del>10</del> <u>0</u>	4
<u>MA</u>	2022	4	1	0	1	0	0	4
	2023	4	2	1	0	0	0	5
<del>MI</del>	<del>2021</del> <u>4</u>	5	<del>0</del> <u>1</u>	<del>10</del> <u>0</u>	0	0	0	<del>4</del> <u>6</u>

**TABLE ~~No. 3~~ 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 202~~1~~2 TO 2024**

<b>Column-1 State</b>	<b>Column 2 Year</b>	<b>Column-3 Outlets at Start of Year</b>	<b>Column-4 Outlets Opened</b>	<b>Column-5 Termina- tions</b>	<b>Column-6 Non- Renewals</b>	<b>Column-7 Reacquired by Franchisor</b>	<b>Column-8 Ceased Opera- tions - Other Reasons</b>	<b>Column 9 Outlets at End of <del>the</del> Year</b>
<u>MI</u>	2022	4	0	1	0	0	0	3
	2023	3	<del>2</del> <u>1</u>	0	0	0	0	<del>5</del> <u>4</u>
<del>MO</del>	2021 <del>4</del>	<del>7</del> <u>4</u>	<del>0</del> <u>1</u>	0	1	0	0	<del>6</del> <u>4</u>
<u>MO</u>	2022	6	0	1	2	0	0	3
	2023	3	0	1	0	0	0	2
<del>MN</del>	2021 <del>4</del>	<del>4</del> <u>2</u>	0	<del>1</del> <u>0</u>	0	0	<del>1</del> <u>0</u>	2
<u>MN</u>	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
	2024	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
MS	2021 <del>2</del>	1	0	0	0	0	0	1
	2022 <del>3</del>	1	0	0	0	0	0	1
	2023 <del>4</del>	1	0	0	0	0	0	1
NE	2021 <del>2</del>	2	0	0	0	0	0	2
	2022 <del>3</del>	2	0	0	0	0	0	2
	2023 <del>4</del>	2	0	0	0	0	0	2
<del>NV</del>	<del>2021</del>	<del>1</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>NV</u>	2022	<del>2</del> <u>3</u>	0	0	0	0	0	<del>2</del> <u>3</u>
	2023	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2023 <del>4</del>	<del>2</del> <u>4</u>	<del>3</del> <u>1</u>	0	0	0	0	5
<del>NJ</del>	<del>2021</del>	<del>8</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>1</del> **	<del>6</del>
<u>NJ</u>	2022	6	1	1	0	0	0	6
	2023	6	0	2	0	0	0	4
	2024	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
NH	2021 <del>2</del>	1	0	0	0	0	0	1
	2022 <del>3</del>	1	0	0	0	0	0	1
	2023 <del>4</del>	1	0	0	0	0	0	1
<del>NY</del>	<del>2021</del>	<del>8</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>8</del>
<u>NY</u>	2022	<del>8</del> <u>9</u>	2	2	0	0	0	<del>8</del> <u>9</u>

**TABLE ~~No. 3~~ 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 202~~1~~2 TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Termina- tions	Column-6 Non- Renewals	Column-7 Reacquired by Franchisor	Column-8 Ceased Opera- tions - Other Reasons	Column-9 Outlets at End of the Year
	<u>2023</u>	<u>9</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<del>2023</del> <u>24</u>	<del>8</del> <u>10</u>	<del>1</del> <u>3</u>	<del>0</del> <u>1</u>	0	0	0	<del>9</del> <u>12</u>
<del>NC</del>	<del>2021</del>	<del>6</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>9</del>
<u>NC</u>	2022	9	2	2	0	0	0	9
	2023	9	3	0	0	0	0	12
<del>OH</del>	<del>2021</del> <u>24</u>	<del>3</del> <u>12</u>	0	0	0	0	0	<del>3</del> <u>12</u>
<u>OH</u>	2022	<del>3</del> <u>4</u>	1	0	0	0	0	<del>4</del> <u>5</u>
	2023	<del>4</del> <u>5</u>	0	1	0	0	0	<del>3</del> <u>4</u>
	<u>2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
OK	<del>2021</del> <u>2</u>	2	0	0	0	0	0	2
	<del>2022</del> <u>3</u>	2	0	0	0	0	0	2
	<del>2023</del> <u>24</u>	2	<del>0</del> <u>1</u>	<del>0</del> <u>1</u>	0	0	0	2
<del>OR</del>	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>OR</u>	2022	2	1	0	0	0	0	3
	2023	3	1	1	0	0	0	3
<del>PA</del>	<del>2021</del> <u>24</u>	<del>6</del> <u>3</u>	0	<del>0</del> <u>1</u>	0	0	<del>1</del> <u>0</u>	<del>5</del> <u>2</u>
<u>PA</u>	2022	<del>5</del> <u>4</u>	1	0	1	0	0	<del>5</del> <u>4</u>
	2023	<del>5</del> <u>4</u>	0	0	0	0	0	<del>5</del> <u>4</u>
<del>RI</del>	<del>2021</del> <u>24</u>	<del>0</del> <u>4</u>	1	<del>0</del> <u>1</u>	<del>0</del> <u>1</u>	0	0	<del>1</del> <u>3</u>
<u>RI</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<del>SC</del>	<del>2021</del> <u>24</u>	<del>3</del> <u>1</u>	0	1	0	0	0	<del>2</del> <u>0</u>
<u>SC</u>	2022	<del>2</del> <u>4</u>	0	0	0	0	0	<del>2</del> <u>4</u>
	2023	<del>2</del> <u>4</u>	<del>2</del> <u>1</u>	0	0	0	0	<del>4</del> <u>5</u>
<del>SD</del>	<del>2021</del> <u>24</u>	<del>1</del> <u>5</u>	<del>0</del> <u>1</u>	<del>0</del> <u>1</u>	0	0	0	<del>1</del> <u>5</u>
<u>SD</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<del>TN</del>	<del>2021</del> <u>24</u>	<del>6</del> <u>1</u>	<del>0</del> <u>1</u>	<del>1</del> <u>0</u>	0	0	0	<del>5</del> <u>2</u>

**TABLE ~~No. 3~~ 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 202~~1~~<sup>2</sup> TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Termina- tions	Column-6 Non- Renewals	Column-7 Reacquired by Franchisor	Column-8 Ceased Opera- tions - Other Reasons	Column-9 Outlets at End of <del>the</del> Year
<u>TN</u>	2022	5	0	1	2	0	0	2
	2023	2	2	1	0	0	0	3
<del>TX</del>	202 <del>1</del> <sup>4</sup>	<del>1</del> <sup>2</sup> <u>3</u>	<del>3</del> <u>0</u>	1	<del>1</del> <u>0</u>	0	0	<del>1</del> <sup>3</sup> <u>2</u>
<u>TX</u>	2022	13	1	1	3	0	1	9
	2023	9	7++	0	0	0	0	16
<del>UT</del>	202 <del>1</del> <sup>4</sup>	<del>1</del> <sup>16</sup>	<del>0</del> <sup>4</sup>	<del>0</del> <sup>2</sup>	0	0	<del>1</del> <sup>0</sup>	<del>0</del> <sup>18</sup>
<u>UT</u>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
VA	202 <del>1</del> <sup>2</sup>	15	<del>1</del> <sup>0</sup>	0	<del>1</del> <sup>0</sup>	0	0	15
	<del>2022</del>	<del>1</del> <sup>5</sup>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del> <sup>6</sup>
	2023	<del>1</del> <sup>6</sup> <u>15</u>	3	0	0	0	0	<del>1</del> <sup>9</sup> <u>18</u>
<del>WA</del>	202 <del>1</del> <sup>4</sup>	<del>2</del> <sup>18</sup>	<del>1</del> <sup>0</sup>	<del>0</del> <sup>3</sup>	0	0	0	<del>3</del> <sup>15</sup>
<u>WA</u>	2022	3	0	1	0	0	0	2
	2023	2	0	1	0	0	0	1
<del>BV</del>	202 <del>1</del> <sup>4</sup>	<del>0</del> <sup>1</sup>	0	0	0	0	0	<del>0</del> <sup>1</sup>
<u>WI</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2024</del>	0	<del>0</del> <sup>2</sup>	0	0	0	0	<del>0</del> <sup>2</sup>
<u>WV</u>	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2023	<del>0</del> <sup>1</sup>	1	0	0	0	0	<del>1</del> <sup>2</sup>
<del>BC</del>	202 <del>1</del> <sup>4</sup>	<del>0</del> <sup>2</sup>	0	0	0	0	0	<del>0</del> <sup>2</sup>
<u>BC</u>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<b>Ontario</b>	202 <del>1</del> <sup>4</sup>	<del>2</del> <sup>1</sup>	<del>1</del> <sup>0</sup>	0	0	0	0	<del>3</del> <sup>1</sup>
<u>Ontario</u>	2022	3	2	0	1	0	0	4



**TABLE No. 3 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021~~2~~ TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Terminations	Column-6 Non- Renewals	Column-7 Reacquired by Franchisor	Column-8 Ceased Operations - Other Reasons	Column-9 Outlets at End of the Year
	2023	4	0	0	0	0	0	4
<b>TOTAL</b>	2021 <del>4</del>	<del>179</del> <u>4</u>	<del>26</del> <u>0</u>	<del>9</del> <u>1</u>	<del>8</del> <u>0</u>	0	<del>10</del> <u>0</u>	<del>178</del> <u>3</u>
<u>TOTAL</u>	2022	<del>178</del> <u>9</u>	<del>28</del> <u>25</u>	15	17	0	1	171
	2023	<del>172</del> <u>1</u>	<del>46</del> <u>39</u>	<del>17</del> <u>18</u>	2	0	2	<del>196</del> <u>188</u>
	<u>2024</u>	<u>188</u>	<u>28</u>	<u>21</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>189</u>

\*One of these outlets is from a franchisee that moved from Illinois to California.

\*\* One of these outlets is from a franchisee that moved from New Jersey to Florida.

+ This outlet is from a franchisee that moved from Hawaii to California.

++ These outlets are from franchisees that transferred territories from California to Connecticut, and from California to Texas.

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2023**

**TABLE No. 4 4 - STATUS OF COMPANY-OWNED OUTLETS FOR y YEARS 2021~~2~~ TO 2024**

Column-1 State	Column-2 Year	Column-3 Outlets at Start of the Year	Column-4 Outlets Opened	Column-5 Outlets Reacquired From Franchisee	Column-6 Outlets Closed	Column-7 Outlets Sold to Franchisee	Column-8 Outlets at End of the Year
Totals	2021 <del>2</del>	0	0	0	0	0	0
	2022 <del>3</del>	0	0	0	0	0	0
	2023 <del>4</del>	0	0	0	0	0	0

**Table No. 5**

**Projected Openings As Of December 31, 2023**

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

Column-1 State	Column-2 Franchise Agreements Signed But Outlet Not Opened	Column-3 Projected New Franchised Outlets <del>In</del> <u>in T</u> the Next Fiscal Year	Column-4 Projected New Company-Owned Outlets <del>In</del> <u>in</u> the Next Fiscal Year
Total	<u>0</u>	<u>0</u>	<u>0</u>

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including Tables No. 1 through No. 5 above reflect events through February 29, 2024.

Exhibit E lists their names, and the addresses and telephone numbers of all of our operating franchisees, their outlets as of December 31, 2024. Exhibit E also In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, ~~transferred,~~ not renewed, or otherwise voluntarily or involuntarily ceased to do business under the ~~F~~franchise ~~A~~agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this ~~d~~Disclosure ~~d~~Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees ~~during the last 3 years have sign confidentiality clauses which may sign provisions~~ restricting their ability to speak openly about their experience with the Patrice & Associates Franchise System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

~~We created the Patrice & Associates Franchise Advisory Council. Its address is 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255, the telephone number is 301-327-5059. It was created to work with our franchisees in encouraging the development of the brand and the direction of the franchise system.~~

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

## ITEM 21      ~~ITEM 21.~~ FINANCIAL STATEMENTS

Our fiscal year ends on December 31<sup>st</sup>. Audited financial statements of Patrice Franchising, LLC for the ~~fiscal years ending period ended December 31, 2024,~~ December 31, 2023, and December 31, 2022 are attached to this Disclosure Document as ~~EXHIBIT D. In addition, an unaudited balance sheet as of November 30, 2024 and an unaudited statement of operations and statement of cash flows from January 1, 2024 through November 30, 2024 are~~ EXHIBIT "G".

## ITEM 22      CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) as EXHIBIT D. Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines, are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

### ~~ITEM 22. CONTRACTS~~ Exhibits to Disclosure Document

~~The following are attached to this disclosure document:~~

~~Exhibit B – Franchise Agreement~~ EXHIBIT "C" Franchise Agreement

~~Exhibit G – Release~~ EXHIBIT "D"-1 State Addenda

EXHIBIT "D"-2 Franchisee Disclosure Questionnaire (**Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise**

registration state)

EXHIBIT "D"-3    General Release

EXHIBIT "D"-4    Franchise Resale Agreement

Attachments to Franchise Agreement

ATTACHMENT "B"    Franchise Owner Agreement

ATTACHMENT "C"    ACH Authorization Form

ATTACHMENT "D"    Confidentiality Agreement

**ITEM 23**      **~~ITEM 23. RECEIPTS~~**

**~~See Exhibit H.~~**

EXHIBIT "I" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"**EXHIBIT A**

TO DISCLOSURE DOCUMENT

**LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS****LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<p><u><b>CALIFORNIA</b></u> <u>Commissioner of Financial Protection &amp; Innovation</u> <u>Department of Financial Protection &amp; Innovation</u> <u>320 West 4<sup>th</sup> Street, #750</u> <u>Los Angeles, CA 90013</u> <u>(213) 576-7500</u> <u>1-866-275-2677</u></p> <p><u><b>HAWAII</b></u> <u>Commissioner of Securities of the State of Hawaii</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, Hawaii 96813</u> <u>(808) 586-2722</u></p> <p><u>Agents for Service of Process:</u> <u>Commissioner of Securities of the State of Hawaii</u> <u>Department of Commerce &amp; Consumer Affairs</u> <u>Business Registration</u> <u>Div.335 Division</u> <u>335 Merchant Street, Rm Room 203</u> <u>Honolulu, HI Hawaii 96813</u> <u>(808) 586-2722</u></p> <p><u><b>ILLINOIS</b></u> <u>Illinois -Office of Attorney General</u> <u>Chief, Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, Illinois IL 62706</u> <u>(217) 782-4465 Indiana Indiana</u> <u>Secretary 4465</u></p> <p><u><b>INDIANA</b></u> <u>Secretary of State</u> <u>Securities Division 302</u> <u>Room E-018</u> <u>302 West Washington St. Rm E-44</u> <u>reet</u></p>	<p><u><b>MARYLAND</b></u> <u>Office of the Attorney</u> <u>General Securities General</u> <u>Securities Division</u> <u>200 St. Paul Place</u> <u>Baltimore, MD Maryland 21202</u> <u>(410) 576-6360</u></p> <p><u>Agent for Service of Process:</u> <u>Maryland Securities Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, Maryland 21202-2020</u></p> <p><u><b>MICHIGAN</b></u> <u>Franchise Section</u> <u>Consumer Protection Division</u> <u>525 W. Ottawa Street, G. Mennen</u> <u>Williams Building, 1<sup>st</sup> Floor</u> <u>Lansing, MI 48913</u> <u>(517) 335-7567</u></p> <p><u><b>MINNESOTA</b></u> <u>Commissioner of Commerce</u> <u>Director of Registration</u> <u>85 7<sup>th</sup> Seventh Place East, Suite #280</u> <u>St. Paul, Minnesota 55101-3165</u> <u>(651) 539-1600 New York NYS 1500</u></p> <p><u><b>NEW YORK</b></u> <u>NYS Department of Law</u> <u>Investor Protection Bureau</u> <u>28 Liberty St. Street, 21<sup>st</sup> Floor</u> <u>New York, NY 10005</u> <u>Phone: (212) 416-8222</u></p> <p><u>Agents for Service of Process:</u> <u>Secretary of State</u> <u>99 Washington Avenue</u> <u>Albany, NY 12231</u></p> <p><u><b>NORTH DAKOTA</b></u> <u>North Dakota Securities Department</u> <u>State Capitol, 5<sup>th</sup> Floor, Dept 414 600</u></p>	<p><u><b>RHODE ISLAND</b></u> <u>Department of Franchise Regulation</u> <u>1511 Pontiac Avenue, John O. Pastore</u> <u>Complex, Bldg 69-1</u> <u>Cranston, Rhode Island 02920</u> <u>(401) 462-9527</u></p> <p><u><b>SOUTH DAKOTA</b></u> <u>Department of Labor and Regulation</u> <u>Division of Insurance Securities</u> <u>Regulation</u> <u>124 S Euclid, 2<sup>nd</sup> Floor</u> <u>Pierre, South Dakota 57501</u> <u>(605) 773-3563</u></p> <p><u><b>VIRGINIA</b></u> <u>State Corporation Commission</u><u>sion</u> <u>Division of Securities and Retail</u> <u>Franchising Tyler Building, 9<sup>th</sup> Floor</u> <u>1300 East Main Street, 9<sup>th</sup> Floor</u> <u>Richmond, Virginia 23219</u> <u>(804) 371-9051</u></p> <p><u>Agents for Service of Process:</u> <u>Clerk of the State Corporation</u> <u>Commission</u> <u>1300 East Main Street, 1<sup>st</sup> Floor</u> <u>Richmond, Virginia 23219</u></p> <p><u><b>WASHINGTON</b></u> <u>Department of Financial Institutions</u> <u>Securities Division</u> <u>150 Israel Road SW</u> <u>Tumwater, WA 98501</u> <u>(360) 902-8760</u></p> <p><u>Mailing Address:</u> <u>Department of Financial Institutions</u> <u>Securities Division</u> <u>PO BOX 41200</u> <u>Olympia, WA 98504-1200</u></p> <p><u><b>WISCONSIN</b></u> <u>Department of Financial Institutions</u></p>
--	---	--

<u>Indianapolis, Indiana</u> <u>IN 46204</u> <u>(317) 232-6681</u>	<u>East Boulevard Avenue</u> <u>Bismarck, North Dakota 58505</u> <u>(701) 328-4712</u>	<u>Division of Securities</u> <u>201 W Washington Avenue, Suite</u> <u>500, Madison, WI 53703</u> <u>(608) 261-9555</u>
---	--	--

~~NOTE: SOME STATES REQUIRED THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.~~

California  
Department of Financial Protection and Innovation  
One Sansome Street, Ste. 600 San Francisco, CA 94104  
(866) 275-2677

EXHIBIT "B"

LIST OF STATE  
AGENCIES

FLORIDA TO DISCLOSURE  
DOCUMENT

~~Dept. of Agriculture &  
Consumer Services  
Division of Consumer Affairs  
227 N. Bronough St., 7<sup>th</sup> Fl.  
Tallahassee, FL 32301  
(904) 922-2770~~

Hawaii  
~~Department of Commerce &  
Consumer Affairs  
Business Registration Div.  
335 Merchant Street, Rm 203  
Honolulu, HI 96813  
(808) 586-2722~~

Illinois  
~~Office of Attorney General  
Franchise Division  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465~~

Indiana  
~~Indiana Secretary of State  
Securities Division  
302 West Washington St.  
Rm E-111  
Indianapolis, Indiana 46204  
(317) 232-6531~~

MARYLAND FRANCHISOR'S AGENT  
FOR SERVICE OF PROCESS

~~Office of the Attorney  
General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202  
(401) 576-6360~~

Michigan  
~~Attorney General  
Consumer Protection  
Division, Franchise Unit  
525 Ottawa Street  
G. Mennen Williams Bldg,  
Lansing, Michigan 48909  
(517) 373-7117~~

Minnesota  
~~Dept of Commerce  
Securities-Franchise  
Registration  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600~~

New York  
~~NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21st Floor  
New York, NY 10005  
212-416-8222~~

North Dakota  
~~North Dakota Securities Dpt.  
600 East Boulevard Avenue  
State Capitol — 14<sup>th</sup> Floor  
Bismarek, ND 58505-0510  
(701) 328-4712~~

Rhode Island  
~~Division of Securities John O.  
Pastore Complex 1511  
Pontiac Avenue Building 69,  
1<sup>st</sup> Floor Cranston, RI 02920  
(402) 222-3048~~

South Dakota

~~De  
pt. of Labor  
&  
Regulation  
Division of  
Securities  
Corporation  
Service  
Company~~  
12  
4 S. Euclid,  
Suite 104  
Pierre,  
South  
Dakota  
57501-251  
Little Falls  
Dr.

(6  
05) 773-  
3563 Wilmin  
gton,  
Delaware,  
19808

Virginia  
~~State Corporation Comm.  
Division of Securities and  
Retail Franchising  
Tyler Building, 9<sup>th</sup> Floor  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051~~



Washington  
Dept. of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Olympia, Washington 98501

360) ~~Wisconsin~~ In states listed in  
902- EXHIBIT "A", the additional agent for

~~8760~~  
302-  
636-  
5401

Service of Process is listed in  
EXHIBIT "A".

~~Division of Securities~~  
~~Dept. of Financial Institutions~~  
~~345 West Washington Ave.~~  
~~Madison, Wisconsin 53703~~  
~~(608) 261-9555~~

## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

### EXHIBIT "C" CALIFORNIA

Commissioner of the Department of  
Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013  
(866) 275-2677

### HAWAII TO DISCLOSURE DOCUMENT

Commissioner of Securities Business  
Registration Division Securities Compliance  
Branch 335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

Illinois  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-1090

Indiana  
Indiana Secretary of State  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6531

Maryland  
Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-6360

### MICHIGAN FRANCHISE AGREEMENT

Department of Commerce  
Corporations and Securities Bureau  
6546 Mercantile Way  
Lansing, Michigan 48909  
(517) 334-6212

Minnesota  
Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

New York  
Secretary of the State of New York  
99 Washington Avenue  
Albany, New York 12231  
(518) 473-2492

North Dakota  
North Dakota Securities Department  
State Capitol—14<sup>th</sup> Floor  
600 East Boulevard  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Rhode Island  
Director of Rhode Island  
Department of Business Regulations  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69, 1<sup>st</sup> Floor  
Cranston, Rhode Island 02920  
(401) 222-3048

South Dakota [\[See Attached\]](#)

Director of South Dakota Division of Securities  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

Virginia  
Clerk, State Corporation Commission  
Tyler Building, 1<sup>st</sup> Floor  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

Washington  
Director, Department of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Olympia, Washington 98501  
(360) 902-8760

Wisconsin  
Commissioner of Securities  
345 West Washington Street, 4<sup>th</sup> Floor  
Madison, Wisconsin 53703  
(608) 261-9555

**EXHIBIT B**



# FRANCHISE AGREEMENT

FRANCHISEE: \_\_\_\_\_  
DATE: \_\_\_\_\_

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GUARANTY AND ASSUMPTION OF OBLIGATIONS

**EXHIBITS**

I. LOCATION AND TERRITORY

II. STATE LAW ADDENDUMATTACHMENT "D" Confidentiality Agreement



**PATRICE FRANCHISING, LLC**  
**PATRICE & ASSOCIATES FRANCHISE AGREEMENT**

This Patrice & Associates Franchise Agreement ~~made this~~(this “Agreement”) is entered into as of \_\_\_\_\_, 202\_\_\_\_ (the “Effective Date”) ~~day of, 202\_\_\_\_, is by and~~ between Patrice Franchising, LLC, a Delaware limited liability company, having its principal place of business at 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255 (“Franchisor”), and (“we” or “us”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”\_\_\_\_\_

\_\_\_\_\_, an individual/partnership/corporation/limited liability company established in the State of \_\_\_\_\_ and whose principal address is \_\_\_\_\_ (“Franchisee”).

**1. WITNESSETH:DEFINITIONS**WHEREAS, Franchisor is an affiliate of Patrice & Associates, Inc. which is engaged in the business of providing management candidates to the retail, restaurant and hospitality industry, as well as all other industries, according to the System and under the Marks; and

WHEREAS, Franchisor has obtained the right from Patrice IP, LLC to license others the right to operate a specialized recruiting business in accordance with the Marks and the System; and

WHEREAS, Franchisee desires to participate in the use of the System and Marks in connection with the operation of an Agency under the terms and conditions set forth below:

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

**I. 1. DEFINITIONS**

Whenever used in this Agreement, the following words and terms have the following meanings:

“**Affiliate(s)**” means any business entity that controls, is controlled by, or is under common control with Franchisor, including but not limited to Patrice & Associates, Inc.

“**Agency**” means the P&A Agency to be established and operated by Franchisee pursuant to this Agreement.

. Capitalized terms not defined above have the meanings given to them below:

“Account” means the checking account you designate from which we may deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

“ACH Agreement” means the ACH Authorization Agreement attached hereto as ATTACHMENT "D" which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

“Agencies” is defined in §21.1.

“Agreement” is defined in the Introductory Paragraph.

“Anti-Corruption Laws” means those Laws that make it unlawful to offer, pay, promise or authorize to pay any money, gift or anything of value (including bribes, entertainment, kickbacks or any benefit), directly or indirectly, to: (a) any Government Official in order to assist with obtaining, retaining or securing an improper business advantage; or (b) any other Person with the intention of inducing or

rewarding improper performance of a relevant function or activity.

“Applicant” means a Person seeking an employment position.

“Applicant Data” means and includes any and all data that pertains to an Applicant, including, without limitation, name, address, contact information, date of birth, educational background, employment history, criminal history and any other information collected from the Applicant, including all information included within an Applicant’s resume, background check and employer references.

“Authorized Activities” means all activities we authorize you to conduct in connection with this Agreement, including the development, ownership and operation of the P&A Agency.

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means, collectively or individually, Applicant Data, Client Data and Operational Data.

“Claim” or “Claims” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“Client” means any Person seeking an Applicant to fill a job position.

“Client Data” means and includes any and all data that pertains to a Client, including, without limitation, name, address, contact information, job positions, job descriptions, employment information, employment policies, employment terms and any other information collected from the Client.

“Competitive Business” means any business that ~~offers or provides (or grants franchises or licenses to others to operate)~~ meets at least one of the following criteria: (a) any business that offers ~~or provides~~ management recruiting services for the hospitality industry; ~~or~~ (b) any ~~industry for which the Franchisor previously, currently, or may in the future provide recruiting services, or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or their other franchisees; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest.~~ business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include any P&A Agency operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

~~“Franchisee” shall be deemed to include: (a) those persons and their spouses owning any interest in a corporate franchisee or a limited liability company; (b) all partners and their spouses owning any interest in a partnership franchisee; (c) the individual who owns a sole proprietorship franchisee and his or her spouse; and (d) the guarantors of this Agreement. For purposes of determining ownership in a franchise, the interests owned by a husband and wife shall be considered one interest, and both husband and wife shall be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.~~

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System and P&A Database; (e) all information within or comprising the Manual; (f) all information contained within the P&A Database and any associated software; and (g) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, designs, sketches, drawings, policies,

processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a P&A Agency, whether now in existence or created in the future.

“Definitive Agreements” means, collectively, this Agreement, any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a P&A Agency or any other franchised concept, and all ancillary agreements executed in connection with any of the foregoing, including, without limitation, each related Franchise Owner Agreement.

“Designated Location” means the location within your Territory from which you will operate your P&A Agency. Your initial Designated Location is set forth in Part B of ATTACHMENT "A".

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to the interpretation or enforcement of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties.

“Effective Date” is defined in the Introductory Paragraph.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in (including the right to vote) an Entity.

“Excluded Claim” is defined in §22.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party provides written notice to the other party of the Force Majeure event within a reasonable period of time after the occurrence of such event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (d) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the P&A Agency as a result of such epidemic or pandemic.

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (i.e., “you”) if this Agreement is signed by an Entity; or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners (and their spouses, if applicable) pursuant to §9, the current form of which is attached hereto as ATTACHMENT "B".

“General Release” means our then-current form of Waiver and Release of Claims you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Gross Sales” means the total amount of all sales of products, services and merchandise sold from, through or in connection with the P&A Agency, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. Gross Sales includes all fees and other amounts owed to us and our affiliates that we deduct from Gross Sales before remitting the balance to you.

~~“Marks” means such service marks, trademarks, trade dress, trade names and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by Franchisor or its affiliates, in connection with the operation of the business contemplated by this Agreement. Marks currently include Patrice & Associates.~~

“Improvement” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a P&A Agency, (b) the method of operation of a P&A Agency, (c) the processes, systems or procedures utilized by a P&A Agency, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a P&A Agency or (e) the trademarks, service marks, logos or other intellectual property utilized by a P&A Agency, whether developed by you, your Owners, your employees or any other Person associated with you or your P&A Agency.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks, P&A Database and System.

“Interim Manager” means the Person we designate to temporarily manage your P&A Agency under the circumstances described in §8.5.

“Interim Term” is defined in §4.3.

“Know-how” means all of our trade secrets and other proprietary information relating to the development, marketing or operation of a P&A Agency, including, but not limited to: methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; information contained in the P&A Database; and information comprising the System or included in the Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Losses and Expenses” means and includes any or all of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party as a result of a Claim.

“Manager” means a Person you hire who: (a) provides full-time day-to-day management and supervision of your P&A Agency; and (b) meets the minimum criteria and requirements set forth in §8.2.

“Managing Owner” means the Owner you designate and we approve with primary responsibility for the daily management and supervision of the P&A Agency.

~~“Manual” means the Patrice & Associates Confidential Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including~~Manual” means our confidential Brand Standards Manual for the operation of a P&A Agency, together with any other operations, administration and managers’ manuals and all books, computer programs, pass-word-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, us or on our behalf of,  
~~Franchisor.~~

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize P&A Agencies to use, including “Patrice & Associates” and the associated logo.

“Microsite” means the local website we develop to promote your P&A Agency as further described in §6.3.

“Operational Data” means and includes all data and information pertaining to the operation of your P&A Agency, including, without limitation, employee data, expense data, financial accounting data and Gross Sales data.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee (either alone or in conjunction with one or more other Persons); or (b) directly or indirectly (through one or more intermediaries) owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

~~“P&A Agency” means any recruiting business operating under the System and Marks, whether owned by Franchisor or its Affiliate, or licensed or franchised by Franchisor or its Affiliate.~~

~~“Principal Owner” means the Franchisee if Franchisee is a sole proprietor, the majority shareholder of Franchisee if Franchisee is a corporation, a partner owning a majority share of the partnership if Franchisee is a partnership, or the manager or member owning a majority of interest if the Franchisee is a limited liability company.~~

P&A Agency” means any recruiting~~recruitment~~business that is authorized to operate under our Marks and use our System. A P&A Agency may refer to a P&A Agency operated by us, our affiliate, you or another franchisee, as the context may require.

“P&A Database” means our proprietary database that includes qualified hospitality management candidates, hospitality management positions, and a billing and collection service.

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 51% ownership interest in the Business or the Franchisee Entity, as applicable; and/or (b) a Transfer to a newly established Franchisee Entity for which the Owners collectively own and control 100% of the Equity Interests.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Placement” means a placement of an Applicant with a Client for which a Placement Fee is earned.



“Placement Fee” means any compensation paid by a Client to us or to any other Person as a result of or in connection with a Placement.

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, a period of two (2) years after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or the Franchisee Entity, as applicable; provided, however, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or the Franchisee Entity, as applicable.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or other P&A Agencies; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); (d) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor; or (e) soliciting or contacting any Applicant or Client in the P&A Database (or any potential Applicant or Client you communicated with during the two (2) year period preceding the termination, expiration or Transfer of this Agreement) for any purpose other than the operation of your P&A Agency.

“Recruiter” means a Person you hire who: (a) provides recruitment services on behalf of your P&A Agency; and (b) meets the minimum criteria and requirements set forth in §8.3.

“Referral Source” means any Person that is in a position to refer potential Applicants and/or Clients to a P&A Agency.

“Restricted Territory” means the geographic area within: (a) your Territory; and (b) any territory assigned to another P&A Agency that is operating as of the Effective Date and remains in operation during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within your Territory.

“Split Placement” means any Placement involving the placement of an Applicant solicited and entered into the P&A Database by one franchisee with a Client solicited by and credited to a different franchisee.

“Successor Agreement” means our then-current form of Patrice & Associates Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

“System” means our specially developed system for the operation of a recruiting business that consists of: operating procedures; methods and techniques for financial controls, record keeping, and billing and collection procedures; policies and procedures for accounting and reporting; personnel management; programs; sales, marketing and advertising programs and strategies; training and business development programs and materials; our proprietary P&A Database and other software; and our proprietary Know-How.

“Targeted Marketing” means any advertising or marketing that is directed by a franchisee into a specific territory for purposes of soliciting Clients, Applicants or Referral Sources from within that territory. Marketing that is distributed, circulated or received both within the franchisee’s territory and within



another territory is not considered Targeted Marketing if: (a) the franchisee uses reasonable efforts to limit the circulation or distribution of the advertising to areas within the franchisee's territory; and (b) the majority of the recipients of the advertising are located within the franchisee's territory and there is only incidental circulation or distribution within a territory assigned to another P&A Agency operated us, our affiliate or another franchisee. Targeted Marketing also does not include: (a) marketing we conduct as part of our administration of the brand and system development fund; (b) any system-wide marketing or advertising efforts conducted or approved by us; or (c) marketing or advertising by means of any Microsite that we develop and host. The meaning of "Targeted Marketing" that is "directed into a territory" may be further defined in the Manual, but examples include:

- (a) direct mail sent to addresses located within a given territory;
- (b) telephone calls made to Persons or businesses known to reside or be located within a given territory;
- (c) television or radio advertising intended to be published or played within a given territory;
- (d) advertising in a newspaper, magazine or other publication distributed to subscribers residing within a given territory;
- (e) social media or other digital marketing sent to smartphones or other devices with IP addresses registered within a given territory; and
- (f) direct face-to-face marketing conducted from any physical location within a given territory, such as being an exhibitor at a job expo that takes place within a given territory.

"Technology Systems" means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, data management systems, point-of-sale system, telecommunications systems, security systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"Term" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 5<sup>th</sup> anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated for any reason.

"Territory" means the geographic area described in Part C of ATTACHMENT "A".

"Transfer" means ~~and includes any~~ direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise rights or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business conducted by you pursuant to this Agreement (or any interest therein);
- (d) the P&A Agency's assets (other than the sale of fixtures or equipment in the ordinary course of business); or
- (e) an Equity Interest in the Franchisee Entity;

including by merger or consolidation, by issuance of additional Equity Interests in the Franchisee Entity, or by operation of Law, will or a trust upon the death of an Owner (including the Laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

**2. GRANT OF FRANCHISE.** We hereby grant you the right and license to own and operate one (1) P&A Agency from the Designated Location using our Intellectual Property. **~~"System" means a specially developed~~**

~~method of operating. As a franchisee, you will establish and operate~~ a recruiting business ~~that specializes~~ in providing management candidates to the retail, restaurant and hospitality industry, as well as all other industries. ~~This includes confidential operating procedures; methods and techniques for financial controls; record keeping, billing and collection procedures and process, accounting and reporting, personnel management, sales marketing and advertising, training and development materials, proprietary database, all software, and the proprietary know-how developed by Franchisor and its Affiliates, any of which may be changed, improved, modified and further developed by Franchisor or its Affiliates from time to time.~~

~~“Transfer” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, Franchisee or the Agency, including: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) assignment of contract rights; (h) sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Agency, other than in ordinary course of business); or (i) any change of control or management of the Agency.~~

## II. ~~2. GRANT OF FRANCHISE; APPROVED LOCATION~~

### ~~2.1 — Grant.~~

~~Subject to the restrictions set forth in §3.2, you may~~Subject to the terms and conditions of this Agreement, Franchisor grants Franchisee the nonexclusive right to operate anyour P&A Agency under the Marks and in accordance with the System and conduct the following activities ~~Franchisee is permitted to recruit candidates and obtain customers desiring candidates to fill job positions anywhere within the United States; Franchisee shall not sublicense the use of the System or Marks to any person or entity.~~ (a) solicit, recruit and place Applicants with Clients according to job openings listed on the P&A Database; (b) solicit Clients for purposes of posting job openings on the P&A Database (all Clients will contract with us but you will be “credited” with Clients you originate); and (c) solicit and establish referral relationships with Referral Sources. We reserve all rights not expressly granted to you.

### ~~2.2 — Approved Location~~

~~Franchisee must operate the Agency from one location that Franchisor approves. Subject to local ordinances and zoning rules, Franchisor may permit Franchisee to locate the Agency within Franchisee’s or its designated manager’s principal residence. Approval of a principal residence’s use as the office of the Agency does not hold Franchisor out as knowing or verifying Franchisee’s local ordinances and zoning rules and is within Franchisor’s sole discretion. If Franchisee does not use Franchisee’s or its designated manager’s principal residence as its location for the Agency, then Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Agency. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other P&A Agencies, lease requirements and overall suitability. Franchisee shall not locate the Agency on a selected site without the prior written approval of Franchisor. Franchisor does not represent that it, or any Affiliates, owners, employees or agents, have special expertise in selecting sites. Neither Franchisor’s assistance nor approval is intended to indicate or indicates that the Agency will be profitable or successful at the approved location. Franchisee is solely responsible for identifying the approved location. The location of the Agency will be described in Exhibit I attached hereto. Franchisee must receive Franchisor’s written consent before relocating.~~

## 3. TERRITORY.

~~3.1. —2.3—Territory~~ial RightsFranchisor will assign Franchisee a specific territory which will be described in Exhibit I attached hereto (“Territory”). So long as Franchisee is not in default under this Agreement, Franchisor will not grant the rights to the Territory or any area which is contained within the Territory to anyone else.

### ~~2.4 — Franchisor’s Reservation of Rights~~

Except to the extent provided in Section 2.3, Franchisor and its Affiliates retain and reserve: (i) all the rights to operate, and to franchise or license to third parties the rights to operate, businesses similar to a P&A Agency using the Systems and/or Marks anywhere except in Franchisee’s Territory; (ii) the right to go into any other business under the Marks or under marks different than the Marks anywhere; (iii) the right to sell services on the Internet; (iv) the right to sell some or all of the products and services authorized for sale by the P&A Agency in any channel of distribution the Systems and/or Marks anywhere; (v) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as

~~or similar to the Agency (but under different marks), at any location; and (vi) use the Marks and Systems, and license others to use the Marks and Systems, to engage in any other activities not expressly prohibited in this Agreement. Franchisor is not required to pay Franchisee if Franchisor exercise any of these rights specified in this subsection. Franchisee is not permitted to provide the services of the Agency on the Internet or in any other alternative channel of distribution.~~

~~With regard to any of the above sales, assignments and dispositions described in the above paragraph, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of the Marks (or any variation thereof) and System and/or the loss of association with or identification of “Patrice & Associate” as a franchisee under this Agreement. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the recruiting business or to offer or sell any products or services to Franchisee.~~

### **III. 3. FEES**

#### **~~3.1~~ — Franchise Fee**

~~Upon execution of this Agreement, Franchisee shall pay a fee (“Initial Franchise Fee”) to Franchisor of \$65,000. The Initial Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable. This Initial Franchise Fee must be paid by cashier's check or ACH wire transfer.~~

#### **~~3.2~~ — Training Fee and Starter Kit**

~~Upon execution of this Agreement, Franchisee must pay Franchisor a training fee of \$7,000 (“Training Fee”). This Training Fee covers the cost of training and mentoring. During the first 3 month the P&A Agency is open, a mentor will provide daily (business days only) one-on-one telephone calls with Franchisee. Thereafter, Franchisor may also provide business development training, including hiring and training employees/recruiters, business expansion, client development, leadership training and territorial enhancement.~~

~~Upon execution of this Agreement, Franchisee must pay Franchisor or its designated supplier a fee of \$3,000 for a starter kit of initial inventory (“Starter Kit”) of marketing materials to reach businesses in Franchisee’s area. The Starter Kit includes client brochures, apparel, business cards, note cards, pens, congratulations cards, table sign, personalized stationary and envelopes. This fee is nonrefundable.~~

#### **~~3.3~~ — Royalty Fee**

~~During the term of this Agreement, Franchisee shall pay Franchisor a weekly royalty fee of 10% of Gross Sales from the prior week (“Royalty Fee”) in accordance with the provisions set forth in Section 3.8 below.~~

#### **~~3.4~~ — Proprietary Database**

~~During the term of this Agreement, Franchisee shall pay Franchisor a weekly proprietary database fee of 7% of Gross Sales from the prior week (“Proprietary Database Fee”) in accordance with the provisions set forth in Section 3.8 below.~~

At the time Franchisee hires a new recruiter, Franchisee must pay Franchisor a New Recruiter Fee of \$125 for the set up charge and \$45 per month. This set up charge includes setting up the email and the recruiter's continued access to the Database.

### ~~3.5~~ Billing Services Fee

During the term of this Agreement, Franchisee shall pay Franchisor a weekly billing services fee of 5% of Gross Sales from the prior week ("Billing Services Fee") in accordance with the provisions set forth in Section 3.8 below.

### ~~3.6~~ Marketing Fund Contribution

During the term of this Agreement, Franchisee shall pay Franchisor a weekly marketing fund contribution of 2% of Gross Sales from the prior week ("Marketing Fund Contribution") in accordance with the provisions set forth in Section 3.8 below.

### ~~3.7~~ Technology Fee

During the term of this Agreement, Franchisee is required to pay Franchisor's then current technology fee in accordance with the terms of Section 3.8 of this Franchise Agreement for market research and development costs of recruiting software, ongoing cost of developing and maintaining enhancements and updates to CRM, franchisee CRM access, the email platform for franchisees, and rising cost of technology ("Technology Fee").

### ~~3.8~~ Time and Manner of Payment

The Royalty Fees, Proprietary Database Fees, Billing Fees and Marketing Fund Contributions are due and payable each Friday based on the Gross Sales that were received in the previous week. The Technology Fee is due and payable on the first of each month. If Franchisor does not receive any Gross Sales on behalf of Franchisee in a particular week, then there will be no Royalty Fee, Marketing Fund Contributions, Proprietary Database Fee and Billing Service Fee due for that week (other than as described below). Franchisor is permitted to change the payment dates at its sole discretion. All of the fees set forth herein that are based on Gross Sales will be deducted from the Gross Sales Franchisor collects on Franchisee's behalf and the balance will be remitted to Franchisee. This remittance will be processed on the following Friday after the prior week's Gross Sales have been received. All customer hires have a guarantee period of which the candidate must be continuously employed. Should the candidate leave his or her job before the expiration of the guarantee, Franchisee shall refund monies paid to Franchisor relating to that hire no later than 10 days from notification of candidate guarantee default.

### ~~3.9~~ Taxes

Franchisee agrees to indemnify and/or reimburse Franchisor and its Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Agency or the license of any of Franchisor's or its Affiliates' intangible property to Franchisee (whether required to be paid by Franchisor or its Affiliates, withheld by Franchisee or otherwise). Franchisee's obligation to indemnify or reimburse Franchisor or its Affiliates for these taxes does not extend to income type taxes which a state or local government imposes on Franchisor or its Affiliates' income.



### **3.10 Additional Training Fees**

~~If Franchisee hires new recruiters, these recruiters must be trained either by the Franchisee or by the Franchisor. The Franchisee is permitted to train its new recruiters by using the Proctor Program. If so, the Franchisor will charge the then current fee for each recruiter trained. This fee covers the Franchisor's costs in providing an electronic version of the Training Manual, providing a Daily Agenda for a "paint by number" approach to training including the lessons, training videos and quizzes including the final Exam. If Franchisee does not wish to train its recruiters, the recruiters must be trained by the Franchisor. The Franchisee will need to pay the Franchisor a "Recruiter Training Fee. The price of the Recruiter Training Fee will be described in the Manual and is subject to change. Currently the Recruiter Training is \$2,000 which is payable in advance of the training. Franchisee shall be responsible for the costs and expenses incurred by its recruiter to attend the training. Franchisee shall pay Franchisor a manager training fee for training Franchisee's designated manager. The price of the fee for manager training will be described in the Manual and is subject to change. Currently this fee is \$3,500 which is payable in advance of the training. Franchisee shall be responsible for the designated manager's costs and expenses incurred in attending the training.~~

### **3.11 No Right to Offset**

~~Franchisee agrees to make prompt payment, without deduction or set-off, of all charges which are properly due in addition to the fees and amounts due under this Agreement. Such payments cannot be withheld on grounds of non-performance by Franchisor or its Affiliates of any obligations hereunder.~~

### **3.12 Interest on Late Payments**

~~If any fees due under this Agreement or any other amounts due to Franchisor or its Affiliate are not paid when due, Franchisor shall have the right to charge interest on late payments equal to the lesser of one and one half per cent (1  $\frac{1}{2}$ %) per month or the maximum legal rate in the jurisdiction where the Agency is located. Franchisor's right to interest is in addition to any other remedies that Franchisor may have.~~

## **IV. 4. TERM AND RENEWAL**

~~This Agreement shall be effective and binding for an initial term of five (5) years from the date of this Agreement, unless sooner terminated pursuant to the terms of this Agreement. If Franchisee is in full compliance with the terms of this Agreement, Franchisee shall have the right to renew for 3 additional terms of 5 years each, provided that Franchisee: (a) is not in default under this Agreement; (b) executes the most current franchise agreement being utilized by Franchisor (which may contain significantly different terms than this Agreement); (g) upgrades any of the equipment required to be used in the Agency to meet the current standards as set forth in the Manual; (h) signs a general release, as permitted by applicable law, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates, and their members, managers, shareholders, officers, directors, employees and agents and (i) complies with the other terms of this paragraph. Notwithstanding anything contained herein to the contrary, Franchisor may, in its discretion, refuse to renew this Agreement if Franchisee has been notified of any default (even if subsequently cured) under this Agreement more than 2 times during the initial term or more than 2 times during any renewal term, even if Franchisee is not in default at the time of such renewal. Franchisee agrees to give Franchisor not less than 6 nor more than 9 months written notice of an election to renew the franchise, prior to the end of the initial term and Franchisor will comply with any notice requirements~~

~~imposed on it by applicable law with regard to renewals. If Franchisee fails to give such notice to renew, Franchisor shall have the right, in its discretion, to treat such failure as an election not to renew the franchise. If any termination or expiration of the term of this Agreement would violate any applicable law, Franchisor may reinstate or extend the term for the purpose of complying with the law. Notwithstanding anything herein to the contrary, if Franchisee continues to operate the Agency following the expiration of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while Franchisee continues to operate the Agreement; however, this Agreement will then be terminable by either party on 30 days written notice to the other party, with all post-termination provisions remaining in effect after such termination.~~

## **V. 5. OBLIGATIONS OF FRANCHISOR**

### **5.1 Initial Training**

~~Franchisor will provide an initial training program for the operation of the Agency for the Franchisee or its Principal Owner. The initial training program is furnished via a virtual program and after this Agreement is executed and prior to the opening of the Agency and will be furnished at such time as Franchisor may designate. Franchisee or its Principal Owner must attend and satisfactorily complete the initial training programs. In addition, any and all new recruiters and any designated managers must satisfactorily complete the initial training program before beginning work at the Agency. Satisfactory completion of the initial training program is, however, no assurance of the success of the Agency. Franchisor has the right to modify the training based on the experience of the Franchisee and its Principal Owner.~~

### **5.2 Recruiter and Designated Manager Training**

~~All recruiters must attend and successfully complete Franchisor's training at Franchisee's expense. Franchisor shall conduct the recruiter/manager training program virtually or at another designated location. If Franchisee does not wish to train its recruiters by the Proctor Program, and pay the fee for doing so, Franchisee will be required to pay the Recruiter Training Fee and all expenses of its recruiters in attending the training. All designated managers must have satisfactorily completed the initial training program within 45 days of being named and Franchisee must pay the Designated Training Fee and all expenses of its designated managers in attending the training.~~

### **5.3 Mentoring and Additional Telephone Support**

~~Franchisor will provide to Franchisee a mentoring program. During the first 3 months the Franchisee operates the P&A Agency, a mentor will provide periodic telephone calls with Franchisee. During the first 6 weeks following completion of initial training, Franchisor will provide Franchisee with twice weekly videoconference calls with its franchisees to provide additional assistance and support.~~

### **5.4 Marketing and Development Training**



Franchisor may provide Franchisee and its employees with additional training in some of the following areas: business development, business expansion, client development, leadership training and territorial enhancement at no additional charge to Franchisee.

#### ~~5.5~~ **Additional Training and Assistance**

Franchisor may provide additional or refresher training programs from time to time at a place and time as may be designated by Franchisor. Franchisee shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending such programs. Further, Franchisor will make available such continuing advisory assistance in the operation of the Agency, rendered in such manner and available from time to time, as Franchisor may deem appropriate. However, if Franchisee requests additional assistance or Franchisor determines that Franchisee requires additional assistance, Franchisor reserves the right to charge a reasonable fee for such assistance as well as to be compensated for any travel expenses including but not limited to transportation, lodging, meals and other expenses Franchisor's employees incur in providing such additional assistance.

#### ~~5.6~~ **Conferences**

Franchisor may have annual conferences. Attendance at the Annual Conference is mandatory for Franchisee and its designated manager. The Annual Conference Fee is currently \$495 per person and it can be increased at Franchisor's discretion. The Annual Conference Fee will be automatically charged to Franchisee's credit card for each person at the Agency who is required to attend (regardless of whether they attend) within 30 days prior to notification. Franchisor reserves the right to charge and collect this fee at the time of initial training, at the time of the conference or at any other time designated by Franchisor. Franchisee will be responsible for all of the expenses Franchisee and its employees incur in attending the Annual Conference.

#### ~~5.7~~ **Proprietary Database**

Franchisor shall maintain and support a proprietary database which includes qualified hospitality management candidates and hospitality management positions. Franchisee will have access to this database and will be permitted and encouraged to fill the current job positions or place the current candidates listed therein. In addition, Franchisee must notify Franchisor of any new customers who may need job positions filled. Once Franchisor contracts with any of these new customers and the new customer has a job position which needs filling, Franchisor will include the job position in the database as "open". If another P&A Agency fills the new customer's job position, Franchisee will receive 20% of the commission collected (less applicable fees). Refer to the Manual for further details.

#### ~~5.8~~ **Billing and Collection Service**

Franchisor will provide Franchisee with billing and collection services. However, Franchisor is not responsible if the customer fails to pay nor is Franchisor required to commence any further action other than as set forth herein if they do not pay.

1. ~~Authorization to Franchisor.~~ Franchisee hereby authorizes Franchisor to bill each customer on a scheduled basis, as set forth in the Manual, accept payments from customer accounts, collect accounts receivable, and maintain revenue records. Franchisor will provide customer imprinted invoices, envelopes and postage. In addition, Franchisor will provide ongoing

~~phone contact and reminder notices emailed or otherwise transmitted to delinquent customers on a monthly basis. Franchisee hereby authorizes Franchisor to collect cash and other forms of payment from accounts to which Franchisee has rendered services or products, and take any other action necessary to carry out the terms of this Agreement.~~

~~Franchisee further authorizes Franchisor to deduct from payments Franchisor collects from the customers the fees described in Sections 3 of this Agreement and any other amounts due to Franchisor and any out of pocket costs (including but not limited to attorney's fees, credit card fees and court costs) incurred by Franchisor in enforcing payment of accounts by customers, Franchisee or Franchisee's guarantors. Franchisor will collect all payments actually received and disburse the amount due to Franchisee in accordance with the procedures set forth in the Manual. Franchisor will remit to Franchisee the amounts it is due based on the fees it has collected on Franchisee's behalf on the Friday of the following week.~~

~~2. Collections. Franchisor will not hire attorneys, commence litigation, or do any acts (other than to send scheduled statements) in order to enforce payment of accounts by customers. The only collection activities Franchisor is required to provide are ongoing phone contact and reminder notices to delinquent customers on a monthly basis for such time as Franchisor deems appropriate. In the event that Franchisor engages a collection agency to assist in collecting the debt and the collection agency is successful, the collection agency's fee will be deducted from the amount Franchisor receives prior to the allocation of funds between Franchisor and Franchisee.~~

~~3. Taxes. Franchisee is and will continue to be responsible for complying with all local, state and federal tax requirements including but not limited to income tax, sales tax, use tax or any other tax required along with the proper reporting requirements.~~

## ~~5.9~~ Webpage

~~Franchisor will provide Franchisee a webpage and URL which will be linked to Franchisor's website. This webpage will focus on Franchisee's agency, including advertising the services provided by Franchisee's Agency, and will include all of Franchisee's contact information. Franchisor will also provide ongoing maintenance and support of this webpage.~~

## **VI. 6. PROPRIETARY MARKS**

### ~~6.1~~ Ownership

~~Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor and its Affiliate. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.~~

### ~~6.2~~ Limitations on Use

~~Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business under the Marks in that state or states in which the Territory is located. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks, or a trademark or service mark that is confusingly similar to any Mark. Franchisee shall include on its letterhead, forms, cards, stationery and other such identification, and shall display at the Agency, a prominent and conspicuous notice stating that the Agency is an “Independently Owned and Operated Patrice & Associates Franchise”. Franchisee shall also prominently and conspicuously display Franchisee’s business entity name at the Agency.~~

### **6.3 — Notification of Infringements and Claims**

~~Franchisee shall immediately notify Franchisor of any infringement of the Marks, challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks.~~

### **6.4 — Change of Marks**

~~If Franchisor deems it necessary for Franchisee to add to, modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor’s directions within 10 business days after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.~~

### **6.5 — Use of Marks on the Internet**

~~Franchisee shall not use the Marks (or any marks or names confusingly similar to the Marks, or any abbreviation, acronym or variation of the Marks) as an Internet domain name or in the content of any social media or other Internet websites without permission from Franchisor. Franchisor and its Affiliate retain the sole right to advertise on the Internet and create a website using any of the Marks or any variation of the Marks. Franchisor and its Affiliate retain the sole right to determine the content on any website it or they create. Franchisee will comply with all policies and procedures that Franchisor may establish from time to time for use of the Marks and advertising on the Internet.~~

## **VII. 7. CONFIDENTIAL INFORMATION AND TRADE SECRETS**

~~Franchisee acknowledges that the trade secrets, information, ideas, research, methods, manuals, procedures, systems, improvements and copyrighted materials, etc., including the Manual,~~

~~billing and collection software, proprietary database, marketing and training materials owned or developed by or licensed to Franchisor or its Affiliate, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, are and shall remain the sole and exclusive property of Franchisor and its Affiliate. The foregoing are provided or revealed to Franchisee in trust and confidence, along with any and all information, knowledge and know-how not generally known in the business about the System and products, specifications, standards, methods, procedures, sales and marketing material, systems, procedure and techniques, knowledge of and experience in operating a P&A Agency and all non-public information concerning the financial data, customer accounts, client specific information, work product performed for any customer or client, work product documents and records, specific strategies and other information or material which Franchisor may designate as confidential (“Confidential Information and Trade Secrets”) all of which shall be deemed confidential for purposes of this Agreement. It is understood and agreed that the Confidential Information and Trade Secrets, if used by others, give them a substantial competitive advantage which is presently enjoyed by Franchisor, its Affiliate and Franchisor's franchisees. Franchisee shall not, during the term of this Agreement, or after Transfer or expiration or termination of this Agreement for any reason, communicate or divulge to anyone or use any Confidential Information and Trade Secrets, nor shall Franchisee disclose, use or divulge in whole or in part any Confidential Information and Trade Secrets, unless such information is generally known and in the public domain and except to the extent necessary to operate the Agency. All employees of Franchisee will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all Confidential Information and Trade Secrets and proprietary rights during and after the term of this Agreement. Further, Franchisee and Guarantors agree that they shall not, directly or indirectly, make any statements or take any actions which in any way disparages Franchisor or which could reasonably be expected to harm the reputation and/or goodwill of Franchisor the Franchisor's employees and officers and director and the Patrice & Associates franchise system.~~

## **VIII. 8. CONFIDENTIAL OPERATIONS MANUAL**

~~Franchisor shall provide Franchisee, for the duration of this Agreement and any renewal, access to the Manual. Franchisee agrees to comply with the mandatory requirements in the Manual and that said compliance is an essential part of its obligations under this Agreement. Franchisee shall at all times be responsible for ensuring that its employees and all other persons under its control comply with the mandatory provisions of the Manual in all respects. The Manual constitutes Confidential Information and Trade Secrets of Franchisor, shall remain the property of Franchisor, and can be used by Franchisee only so long as this Agreement is in effect. The Manual cannot be photocopied, reproduced, or disseminated without Franchisor's written consent. The Manual may be modified from time to time by Franchisor in its discretion, and Franchisee agrees that from time to time Franchisor may reasonably change the System. Franchisee expressly agrees to comply with each mandatory modification, addition or deletion of the System or Manual at its sole cost and expense. Franchisee acknowledges that due to the changing nature of the staffing business, computer hardware and software, as well as changing attitudes of customers and other factors, such changes to the Manual may be necessary and may involve the expenditure of substantial sums of money by Franchisee.~~

## **IX. 9. ADVERTISING AND PROMOTIONAL ACTIVITIES**

### **~~9.1~~ — Microsite**

~~Franchisee must pay Franchisor upon the execution of this Agreement a fee of \$7,000 for the Franchisor's web developer to create up to a 10 page website (Microsite) about the Agency.~~

~~Franchisor will assist its web developer in the creation of this Microsite. This fee will include maintenance of the Microsite.~~

## ~~9.2 — Local Advertising~~

~~Franchisee must submit all of its own advertising, marketing and sale promotion materials to Franchisor or its advertising agency for approval prior to use. If Franchisee does not receive written disapproval of submitted materials within 20 days after Franchisor or its advertising agency receives them, then the material are deemed rejected. Franchisee will not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark and service mark symbols (“©”, “®”, “TM” or “SM”).~~

~~Any advertising to solicit candidates for job openings, must reflect that that the Agency is an equal opportunity employer and must specifically include the phrase “equal opportunity employer” in the text of the advertising. The Franchisor is not liable for any equal opportunity employer violations brought against the Franchisee and/or Agency by the Equal Employment Opportunity Commission or otherwise.~~

~~There are currently no requirements for participation in an advertising council or any local advertising cooperatives, though Franchisor reserves the right to establish an advertising council or advertising cooperatives in the future.~~

## ~~9.3 — Marketing Fund~~

~~Franchisor has established and administers a System-wide marketing, advertising and promotion fund to assist in Franchisor’s regional and national advertising (“Marketing Fund”). Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.~~

~~Franchisee’s Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor’s general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.~~

~~Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor’s fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions.~~



Although Franchisor intends the Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a pro rata basis based on total Marketing Fund Contributions made in the aggregate by each franchisee.

Each P&A Agency operated by Franchisor or an Affiliate shall make Marketing Fund Contributions at the same rate as Patrice & Associates franchisees. An unaudited accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisee acknowledges that the Marketing Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Marketing Fund.

#### ~~9.4 Advertising on the Internet~~

~~Franchisor has an Internet website at the uniform resource locator [www.patriceandassociates.com](http://www.patriceandassociates.com) (“Website”) that provides information about the System and about P&A Agencies. Franchisor will include at the Patrice & Associates website Franchisee's webpage containing information about the Agency. Franchisor will develop Franchisee's webpage and maintain the webpage and update any necessary changes. All information must be approved by Franchisor before it is posted. Other than the webpage, Franchisee is restricted from establishing a presence on, or marketing on the Internet without Franchisor's consent. Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and Franchisee must follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retain the sole right to approve any linking to, or other use of, the Website. Subject to Franchisor's right to consent, Franchisee may be permitted to create a social media account from which to advertise the Agency on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as Franchisor permits and shall be on the terms and conditions Franchisor specifies from time to time in the Manual, which may restrict the content that Franchisee is permitted to post to the social media outlet. Franchisor has the right to cease granting Franchisee permission to operate any social media outlet at any time and to require Franchisee to give Franchisor administrative control and/or log-in information for any social media site Franchisee operates for the promotion of the Agency.~~

## **X. ~~10. STANDARDS OF OPERATION~~**

### **10.1 Opening of Agency**

Franchisee agrees that its Agency is open for business immediately after Franchisee or its Principal Owner satisfactorily completes the initial training program. Franchisor suggests that the first three months of operation, Franchisee will equip the Agency in accordance with specifications prepared by Franchisor. Opening may be delayed only if such delay is caused by contingencies not within the control of Franchisee, such as, acts of God, governmental restrictions, strikes or labor disputes, about which Franchisor is notified within a reasonable period of time of such delay. Franchisee shall use its best efforts to cure any such delay and any such delay in completion shall be for a period of days equal to the number of days during which such event actually prevents

~~completion. In such event, Franchisee shall notify Franchisor of any such delay in writing. In the event that the Agency is not within the residence of the Franchisee or designated manager, Franchisee is solely responsible for complying with the requirements of the Americans with Disability Act (“ADA”) and other matters affecting or relating to the construction and design of the Agency in all respects and nothing contained herein or in the Manual shall be construed as or implied as imposing any obligation on Franchisor or its Affiliate in relation to the ADA or other matters relating to the construction or design of the Agency.~~

## **10.2 Compliance with Laws**

~~Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Agency and shall operate the Agency in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Agency. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Agency. At no time is Franchisor required to inform Franchisee of any federal, state, municipal, or local law, rule, regulation, ordinance, code or tax.~~

## **10.3 Use of Marks and System**

~~During the term of this Agreement, Franchisee shall operate, advertise and promote its business under the Marks without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by Franchisor, and Franchisee agrees to identify its Agency with a sign in compliance with applicable local ordinances and approved by Franchisor if the Agency is not being operated in the Franchisee or its designated manager's residence.~~

## **10.4 Standards of Operation**

~~Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Agency. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System. Franchisee agrees to offer such products and services required by Franchisor and only those products and services permitted by Franchisor. Franchisee will not conduct any business or sell any services or products other than those approved by Franchisor. Franchisee will comply with Franchisor's mandatory policies, practices, procedures, regulations and standards, whether set forth in the Manual or in other materials supplied to Franchisee by Franchisor, which may be changed or modified from time to time. Franchisee agrees to and shall take all steps as are necessary to ensure that its employees treat all customers and candidates fairly and provide services hereunder in an honest, ethical and non-discriminatory manner. Franchisee will not withhold any material information from its customers or attempt to sell any service to them that Franchisee believes, in its good faith estimation, is not needed; and Franchisee will not advertise in a deceptive, misleading or unethical manner. Franchisee will only make those promises, representations and guarantees to customers, candidates and others at the Agency authorized in writing by Franchisor; preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manual. The Agency must conform with the mandatory standards relating to signage, appearance, cleanliness, sanitation, types of products and displays and type of equipment as designated by Franchisor. In addition, the Agency shall be equipped with appropriate computer hardware and software (including anti-virus software and firewall), high speed internet connection, telephone system and facsimile machine that is approved by Franchisor and a functioning~~



email address, as further outlined in the Manual. Franchisee must comply with Franchisor's specifications for hardware and software, which may be changed by Franchisor from time to time. Franchisee must use an endpoint protection system to ensure the security of the computer systems and data. This includes installing and maintaining up-to-date virus and malware protection software on all devices used in the operation of the franchise. The endpoint protection system must be configured to provide real-time threat detection and remediation and automatic updates to ensure the software is up-to-date and able to defend against the latest security threats. Failure to comply with these requirements may be considered a default under this Franchise Agreement. Franchisee acknowledges and agrees that Franchisor will have independent access to Franchisee's information, data, and emails which are contained on the computer system, Franchisee shall exercise diligent efforts to recruit, screen, interview, indoctrinate, contract with and for, and assign, place and dispatch direct hire employees in accordance with the standards and procedures of Franchisor and the Systems, and without regard to race, color, religion, sex, national origin or age. All of Franchisee's business dealings will be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of Franchisor, its other franchisees or its Affiliate.

### **10.5 Authorized Products, Services and Suppliers**

Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its clients. Accordingly, Franchisee shall provide and offer for sale or use at the Agency only those supplies, signs, equipment, computer hardware and software and other items that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. Additionally, Franchisee shall use all agreements and other documentation relating to the Agency authorized by Franchisor. If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate). Franchisee shall not offer for sale, sell or provide through the Agency any services or products that Franchisor has not approved. Franchisor shall provide Franchisee, in the Manual, a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisee desires to utilize any products (e.g. software, agreements, etc.), specific assessment tests, or services that Franchisor has not approved (for services and products that require supplier approval), Franchisor shall direct Franchisee to have the service or product and/or supplier evaluated by an independent agency to determine whether the service or product complies with Franchisor's standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all of the expenses for such independent evaluation. Franchisor will decide within a reasonable time (usually 30 days) after receiving the required information whether Franchisee may purchase or lease such items or services from such supplier or whether the supplier can become an Approved Supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items, services or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

Currently, Franchisor is an approved supplier of certain branded items and the Starter Kit. Franchisee must purchase the Starter Kit from the Franchisor or its designated supplier prior to opening. The Starter Kit includes an initial inventory of client brochures, apparel, business cards, note cards, pens, congratulations cards, table sign, personalized stationary and envelopes. Franchisee agrees to purchase certain products listed in the Manual, or as otherwise communicated to Franchisee, from Franchisor. If Franchisor or its Affiliates fail to offer any of these products, Franchisor will designate an Approved Supplier or suppliers for said products.

(a) Availability. Contingent upon the availability of these products, Franchisor will supply such products to Franchisee within a reasonable time after the receipt of said orders; provided, however, that Franchisor does not warrants that: (i) it will be able to obtain all such products; or (ii) the products will be obtained by the dates requested.

(b) Pricing. Franchisor shall establish and have exclusive control over the prices, discounts, specifications, and all other terms and conditions governing the sale of products to Franchisee, if any. Pricing of products is subject to change at any time or from time to time, effective upon notice to Franchisee.

(c) Terms of Purchase. All purchases of product from Franchisor shall be personally guaranteed by the individuals who are required to guarantee this Agreement pursuant to the Guaranty and Assumption of Obligations attached hereto. The terms of payment shall be established by Franchisor from time to time.

#### **10.6 Appearance and Condition of the Agency**

—— Franchisee shall maintain the Agency and any equipment, vehicle and signage used by the Agency in “like new” condition, and shall repair or replace equipment, fixtures, supplies, inventory, vehicle and signage as necessary to comply with the specifications of Franchisor and Franchisee’s lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications.

#### **10.7 Contributions and Donations**

In order to protect the Marks, Franchisee must obtain Franchisor’s prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or providing any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

#### **10.8 Insurance Requirements**

~~At its sole expense, Franchisee shall procure prior to opening the Agency and maintain in full force and effect during the term of this Agreement, at a minimum, the types and amount of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. If the Agency is located within Franchisee's or the designated manager's principal residence, Franchisee may not need all of the following insurance policies. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:~~

~~(a) "all-risk" property insurance coverage on all assets used in the operation of the Agency. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;~~

~~(b) workers' compensation insurance that complies with the statutory requirements of the state in which the Agency is located and employer liability coverage with a minimum limit of \$100,000 or, if higher, the statutory minimum limit as required by state law;~~

~~(c) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Agency, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;~~

~~(d) business interruption insurance in amounts and with terms acceptable to Franchisor;~~

~~(e) if the vehicle is in the name of the Franchisee, automobile liability insurance for owned or hired vehicles, with a combined single limit of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law; and~~

~~(f) such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 15.2. If Franchisee operates the Agency from a principal residence, the only required insurance is a \$1,000,000 umbrella policy on Franchisee or its owner's homeowner's policy.~~

~~Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances. Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A+" in the same classification, Franchisor demands an "A" rating. Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 15.2. Franchisee shall provide to Franchisor, 14 days of obtaining insurance, certificates of insurance showing compliance with the foregoing requirements and continue to do so each year. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums. Should Franchisee not procure and maintain insurance coverage as required by this Agreement or not provide Franchisor the insurance certificate, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.~~

## **10.9 Records and Reporting Obligations**

~~Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for 6 years thereafter, all books and records related to the Agency including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Franchisor shall have full access to all of Franchisee's computer data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. Franchisee will send to Franchisor all records, reports and financial information as Franchisor requires, including an annual income and expense statement within 60 days of the end of Franchisee's fiscal year; monthly profit and loss statements by the 20<sup>th</sup> day of the following months and any other information or reports including copies of balance sheets, copies of sales tax returns and such other financial reports and information as Franchisor may reasonably request. However, Franchisee will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. All reporting data will be prepared in accordance with United States generally accepted accounting principles, consistently applied. At all times, Franchisor will have access to and may use the information contained in Franchisee's books, records and accounts for any purpose Franchisor deem appropriate, including, but not limited to, disseminating such information to Franchisor's creditors and potential franchisees (except that Franchisor will not disclose social security number, birth date or home address information without Franchisee consent, unless required or permitted by law).~~

## **10.10 Right to Inspect**

~~Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the Agency is located within Franchisee or its designated manager's principal residence, Franchisor shall be permitted access to all books, records and tax returns, at all reasonable times with 3 days' prior notice, without being found guilty of trespass or any other crime or tort. Franchisor's right to approve certain matters, to inspect its operation and to enforce Franchisor's rights, exists only to the extent necessary to protect Franchisor's interest in the System and Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to Franchisee, nor will they be construed to do so. The obligations of this provision survive termination or expiration of the term of this Agreement. Franchisor or its designee has the right to contact any and all of Franchisee's customers and candidates at its sole discretion.~~

## **10.11 Actual Participation**

~~Franchisee or its Principal Owner agrees to participate personally in the direct operation of the Agency and devote substantially all of the Agency business time and efforts to the direct operation of the Agency. Franchisee or its Principal Owner shall (a) successfully complete the initial training Program; (b) throughout the term of this Agreement devote full working time and best efforts in the day-to-day operations of the Agency and shall keep free from conflicting enterprises or any other activities which would be detrimental to or interfere with the business of the Agency; and (c) have been granted general management power and authority over the business affairs of the Agency including, without limitation, the power and authority to act solely on behalf of and legally bind the Franchisee. In the alternative Franchisee may appoint a designated manager to operate the Agency. Any designated manager must satisfy all of the requirements which apply to Franchisee or its~~

~~Principal Owner. Regardless of whether Franchisee has a designated manager in charge of the Agency, Franchisee is still ultimately responsible for the operation of the Agency. Franchisee shall keep Franchisor informed at all times of the identity of the designated manager of the Agency.~~

#### **10.12 Cooperation for Financial Performance Representations**

~~Franchisee shall maintain its books and records in accordance with generally acceptable accounting principles, consistently applied. If Franchisor at any time desires to utilize a financial performance representation or similar document in connection with the sale of franchises, Franchisee agrees to provide Franchisor, at no cost, with such reasonable information as Franchisor requires from Franchisee in order to properly prepare such documents, and shall permit Franchisor to utilize such information as it deems necessary.~~

#### **10.13 Innovations**

~~All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning the Agency, whether or not protectable intellectual property and whether created by or for Franchisee or its owners, affiliates, employees or representatives, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the System and works made for hire for Franchisor. To the extent any such item does not qualify as a "work made for hire" for Franchisor, Franchisee must assign, or must require its owners, affiliates, employees or representatives to assign, its or their ownership interest of such item to Franchisor. Franchisee agree to take, or direct Franchisee's owners, affiliates, employees or representatives to take, whatever action required by Franchisor to document such assignment or to assist Franchisor in obtaining any and all intellectual property rights in such item. However, if this provision is found to be invalid or unenforceable, Franchisee and its principals grant to Franchisor a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique or material.~~

#### **10.14 Staffing**

~~Franchisee will maintain a competent, conscientious, and trained staff. Franchisee will be solely responsible for all employment decisions and functions of the Agency including those related to hiring, firing, training, wage and hour requirements, record keeping, supervision and discipline of employees. Franchisee is solely responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with Franchisee, those coming on the premises of the Agency and the general public at large. Franchisor does not in any way share any of that responsibility. Franchisee agrees to cause all employees of Franchisee who participate in the operation, marketing or management of the Agency as well as all recruiters to attend and complete all training required by Franchisor pursuant to this Agreement. Franchisee must require all of their supervisory employees and recruiters to execute a nondisclosure, non-competition and non-solicitation agreement, in a form acceptable to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of these agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.~~



## **XI. 11. NON-COMPETITION AND NON-SOLICITATION**

### **11.1 Non-Competition During the Term of this Agreement**

~~Franchisee acknowledges the uniqueness of the System and that Franchisor is making its knowledge, know-how, and expertise available to Franchisee for the purpose of operating the Agency. Franchisee agrees that it would be an unfair method of competition to use or duplicate, or to allow others to use or duplicate, any of the knowledge, know-how or expertise Franchisee receive, from Franchisor or its Affiliate for any reason other than for the operation of the Agency under this Agreement. Franchisor further recognizes the importance of devoting substantial time and energy to the Agency. Therefore, Franchisee warrants that during the term of this Agreement, unless Franchisee has Franchisor's prior written consent, neither Franchisee nor any of Franchisee's owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of Franchisor (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended.)~~

~~In addition, during the term of this Agreement and for 2 years after a Transfer, the expiration or termination of the term of this Agreement for any reason or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither Franchisee nor any of its owners will seek to become employed by or act as an independent contractor for any Customer (as defined below) of Franchisee or any other P&A Agency.~~

### **11.2 Non-Competition After the Term of this Agreement**

~~For 2 years after a Transfer, the expiration or termination of the term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither Franchisee nor any of its owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from Franchisor to Franchisee and its owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the Territory and the area within any other P&A Agency's territory.~~

. You are not granted an exclusive Territory. However, during the Term we will not: (a) operate, or authorize any Person other than you to operate, a P&A Agency from a designated location within your Territory; or (b) engage in, or authorize any Person other than you to engage in, Targeted Marketing that is directed into your Territory for purposes of soliciting Applicants, Clients or Referral Sources. Other P&A Agencies may contact and work with Applicants, Clients and Referral Sources who reside or are located within your Territory (and place Applicants with Clients located in your Territory) as long as they do not solicit the Applicants, Clients or Referral Sources through Targeted Marketing that is directed into your Territory.

**3.2. Extra-Territorial Operations.** Except as otherwise permitted by this §3.2 and our then-current Client Development Policy set forth in the Manual, you may not: (a) advertise or market outside your Territory; (b) operate your P&A Agency outside your Territory; or (c) engage in any other business activities outside your Territory in connection with your P&A Agency. You are permitted to market and advertise outside of your Territory, and you are permitted to contact and work with Applicants, Clients and Referral Sources who reside or are located outside your Territory, as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing, including our Client Development Policy; and (b) you do not engage in Targeted

Marketing outside your Territory, regardless of whether the Targeted Marketing is directed into the territory of another P&A Agency or an open territory. You may also perform Placements involving Applicants and/or Clients who reside or are located outside your Territory as long as you do not solicit the Applicants and/or Clients through Targeted Marketing directed into the territory of another P&A Agency.

~~4. 11.3—NON-SOLICITATION TERM AND RENEWAL~~ For 2 years after a Transfer, the expiration or termination of the term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, Franchisee will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact: (a) any existing customers or candidates on the proprietary database; or (b) potential candidates or customers who Franchisee has contacted within the previous 2 years (“Customers”).

~~4.1. 11.4 Reasonableness of Restriction~~ Generally Franchisor and any guarantor of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in Sections 7 and 11 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Franchisee acknowledges and confirms its and its guarantors full, uninhibited and faithful observance of each of the covenants contained in Sections 7 and 11 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in Sections 7 and 11 will not impair Franchisee or its guarantors ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to Franchisee or its guarantors or otherwise to obtain income required for Franchisee or their guarantors' comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

## **11.5 Enforcement**

Franchisee acknowledges that to disregard the provisions of Sections 7 and 11 would effectively foreclose Franchisor from selling other franchises and Franchisee could be unjustly enriched and unfairly derive benefit from Franchisor's goodwill and/or the training Franchisee received from Franchisor. Moreover, Franchisor's franchisees and the P&A Agencies could be severely disadvantaged if Franchisee competes against them using the Marks, System or other Confidential Information and Trade Secrets. Franchisor intends to restrict Franchisee's activities under Sections 7 and 11 of this Agreement only to the extent necessary for the protection of Franchisor's, its Affiliate's and its franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent and will be interpreted and applied consistent with the requirements of reasonableness and equity. Franchisor will have the right to reduce the scope of any covenant contained in Sections 7 or 11 without Franchisee's consent, effective immediately upon receipt by Franchisee; and Franchisee will comply with any reduced covenant. In addition to any other remedies available at law or equity, Franchisor will have the right to injunctive relief for Franchisee's violation or threatened violation of any covenant described in Sections 7 or 11. The terms of these non-compete and non-solicitation provisions are assignable by Franchisor and will inure to Franchisor's benefit, as well as Franchisor's successors and assigns. In the event of any assignment, sale, merger or change in Franchisor's ownership or structure, the resulting entity will step into Franchisor's place, without any additional consent of or notice to Franchisee, as if the term “Franchisor” was defined in this Agreement to include such entity.

## **XII. 12. DEFAULT AND TERMINATION**

### **12.1 Termination by Franchisor**



~~Franchisor may at its option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the term of this Agreement for “good cause”. Without limitation as to other situations, “good cause” for termination exists if Franchisee or any guarantor of this Agreement:~~

- ~~(a) Do not substantially perform all of the mandatory terms, conditions, and obligations of this Agreement, or the mandatory obligations under the Manual; or~~
- ~~(b) Fail to pay Franchisor or its Affiliate (notwithstanding anything herein to the contrary, Franchisee only has a 10 day period to cure this default);~~
- ~~(c) Lose any permit or license which is a prerequisite to the operation of the Agency for a period of at least 5 days; or~~
- ~~(d) Misuse the Marks or Confidential Information and Trade Secrets, or engage in conduct which, in Franchisor's opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the System; or~~
- ~~(e) Are adjudged bankrupt, become insolvent, or make a general assignment for the benefit of creditors (subject to subsection (d) below); or~~
- ~~(f) Commit any other act which constitutes good cause under applicable state law or court decision; or~~
- ~~(g) Divert or collect any fees from customers in violation of Section 5.8 which provide that customer billings and collections are to be done by Franchisor or its Affiliate; or~~
- ~~(h) Fail to keep the Agency open for a period of 5 consecutive days without justifiable cause; or~~
- ~~(i) Fail to pay any lawful debt or tax when due; or~~
- ~~(j) Surrender or transfer control of the operation of the Agency, or make an unauthorized direct or indirect Transfer; or~~
- ~~(k) Fail to install and maintain endpoint protection system (including up-to-date virus and malware protection software) on all devices used in the operation of the franchise.~~

~~Subject to applicable law and except as otherwise provided in this Agreement, Franchisor will give Franchisee at least 30 days' prior written notice of default (except that, if state law permits, Franchisor will have the right to terminate earlier if the “good cause” constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that Franchisee has 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, Franchisor has the right to terminate the term of this Agreement immediately upon written notice to Franchisee.~~

~~Notwithstanding anything contained herein to the contrary, if state law permits, Franchisor will be permitted to terminate the franchise immediately and without notice when the basis or grounds~~

~~for termination is: (a) conviction of a felony or any other criminal misconduct that materially and adversely affects the operation, maintenance, reputation or goodwill of the Agency or the System; (b) fraudulent activity that materially and adversely affects the operation, maintenance, reputation or goodwill of the Agency or the System; (c) abandonment of the Agency; (d) bankruptcy or insolvency of Franchisee or that of Franchisee's guarantors; (e) the giving of more than 2 no account or insufficient funds checks to Franchisor or its Affiliate within a 12 month period, or Franchisor or its Affiliate's receipt of any similar notice when utilizing any EFT payment; (f) the repeated failure or refusal to comply with the lawful provisions of this Agreement (i.e. 2 or more times in any 12 month period), whether or not the repeated failures or refusals are corrected after notice; (g) making or having made any material misrepresentation or omission in the application for this franchise; or (h) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.~~

## **12.2 Right of Franchisor to Operate the Agency**

~~In order to prevent any interruption of the Agency, which Franchisee agrees would cause harm to the Agency and the System, if Franchisee is unable to operate the business for any reason whatsoever, Franchisee authorizes Franchisor, or its agents and Affiliate to operate the Agency, if Franchisor, or its agents and Affiliates agree to do so in their sole discretion, for so long as Franchisor deems necessary and practical. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Franchisor or its agents, will be charged to this separate account. Nothing in this Section 12.2 is intended to require Franchisor to operate the business in the event of Franchisee's inability, and the rights described in this Section 12.2 may be exercised or not exercised in Franchisor's sole and absolute discretion. Franchisee will be required to pay Franchisor a fee for operating the Agency pursuant to this Section 12.2. Nothing herein is to be construed to require Franchisor or its agents or Affiliates to operate the Agency.~~

## **XIII. 13. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

### **13.1 Actions to be Taken**

~~Except as otherwise provided herein, upon Transfer, termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall immediately cease to operate the Agency, including ceasing to access Franchisor's proprietary database and Franchisee's webpage, and shall not thereafter, directly or indirectly, represent to current clients, the public or hold itself out as a present or former franchisee of Franchisor;~~

~~(a) cease to use the Confidential Information and Trade Secrets, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;~~

~~(b) if the Agency is not within Franchisee's or its designated manager's principal residence, Franchisee shall remove all signs or indications relating to the Marks or System;~~

~~(c) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county~~

~~authorities which contains the name “Patrice & Associates” or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;~~

~~(d) pay all sums owing to Franchisor and its Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys’ fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid fees, and any other amounts due to Franchisor or any Affiliate;~~

~~(e) pay to Franchisor all costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;~~

~~(f) comply with all post-term covenant obligations including but not limited to the Confidential Information and Trade Secrets, non-competition, non-solicitation and indemnification. All Customers are customers of Franchisor and will remain so. In such event, Franchisee will provide Franchisor with all records, files and information on each Customer upon Franchisor’s request;~~

~~(g) immediately return to Franchisor the Manual, and all other material containing Confidential Information and Trade Secrets including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Agency (all of which are acknowledged to be Franchisor’s property); and~~

~~(h) assign all telephone listings and numbers for the Agency to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee’s right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor.~~

### **13.2 Survival of Certain Provisions**

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## **XIV. 14. TRANSFERABILITY OF INTEREST**

### **14.1 Transfer by Franchisor**

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

### **14.2 Transfer by Franchisee to a Third Party**

~~The rights and duties of Franchisee as set forth in this Agreement, and the franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's (or its owners') personal or collective skill and financial ability. Accordingly, there can be no Transfer without Franchisor's prior written consent. Any consent by Franchisor will not operate as a consent to any future such Transfer, and no future such Transfer will be valid without Franchisor's prior written consent to that specific Transfer. Any attempted Transfer in violation of this Section 14.2 is voidable at Franchisor's option. If Franchisor elects not to exercise Franchisor's right of first refusal pursuant to Section 14.4 below, Franchisor will not unreasonably withhold its consent to such a Transfer, provided that the following conditions are satisfied:~~

~~(a) all amounts owed to Franchisor and its Affiliate, and all other outstanding obligations relating to the Agency, are fully paid and satisfied;~~

~~(b) the Transfer is conducted in compliance with applicable laws, regulations and licensing requirements;~~

~~(c) the transferee updates the equipment used in the Agency to comply with the then-current standards imposed by Franchisor;~~

~~(d) Franchisee has performed its obligations and duties under this Agreement and Franchisee is not in default under this Agreement, or any other agreement with Franchisor or its Affiliate;~~

~~(e) the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Agency and neither transferee nor any owner or affiliate of transferee operate or has an ownership interest in or performs services for a Competitive Business;~~

~~(f) the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then current franchise agreement and guaranty and assumption of obligations for new franchisees, which may be substantially different from this Agreement, including different fees and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;~~

~~(g) to the extent permitted by law, Franchisee, including all of its officers, directors and owners (as well as all guarantors under this Agreement) must execute a general release, in the form Franchisor approves, of any and all claims against Franchisor, its Affiliates, and each entity's respective officers, directors, employees and agents;~~

~~(h) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;~~

~~(i) Franchisee or the transferee, has paid to Franchisor a transfer fee in the amount of \$10,000 in lieu of the initial franchise fee under the Franchise Agreement;~~

~~(j) Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor; and~~

(k) ~~the transferee agrees that transferee, a recruiter and its designated manager, if any, shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training prior to assuming the management of the day-to-day operation of the Agency.~~

~~Although Franchisor will not be required to determine the value of business upon a Transfer, if in Franchisor's reasonable judgment, the purchase price or terms of the Transfer are not economically feasible to the transferee, Franchisor can withhold its consent to such Transfer. Franchisor's consent is not, however to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. Franchisor may, in good faith, notify Franchisee, stating the reasons for which Franchisor has elected to withhold approval of the proposed Transfer.~~

### **14.3 Transfer by Death or Incapacity**

~~Franchisee or Franchisee's owners, by will or other written instrument, may appoint a designated heir or conservator to continue operation of the Agency upon death or legal incapacity. The designated heir must meet the qualifications of Section 14.2, including the requirement to meet Franchisor's standards for new franchisees, execute the then-current form of franchise agreement and the designated manager or new Principal Owner has, or within 45 days will have, satisfactorily completed the initial training program; provided that no transfer fee will be charged on a Transfer pursuant to this Section 14.2. The Transfer to a designated heir, personal representative or conservator, as applicable, in the event of the death or legal incapacity, will not give rise to Franchisor's right of first refusal as described in Section 14.4 below, but such Transfer must take place within 120 days of the death or declaration of legal incapacity.~~

### **14.4 Right of First Refusal**

~~If Franchisee shall obtain a *bona fide*, executed written offer or proposal from a third party to purchase any interest in the Agency, Franchisee or this Agreement, Franchisee shall deliver the offer or proposal, along with all pertinent documents including any contract or due diligence materials, to Franchisor. Franchisor shall, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer and Franchisor is not responsible for the payment of any broker fees. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to 60 days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal. If Franchisor does not exercise its right of first refusal within 30 days from the date of delivery of all such documents or Franchisor fails to close within 60 days from the date it timely elects to exercise this right of first refusal, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 14.2. Should the sale to such third party fail to close within 120 days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.~~

## **XV. 15. RELATIONSHIP AND INDEMNIFICATION**

### **15.1 Relationship**



~~This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Agency pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Agency and on all forms, stationery, business cards or other written materials, including all signage, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Agency.~~

~~This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.~~

## **15.2 Indemnification**

~~Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor, its Affiliate and their respective officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Agency; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Agency, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information and Trade Secrets. The obligations of this Section 15.2 shall expressly survive the termination of this Agreement. The obligations of Indemnitors are joint and several. This indemnification must not be construed to indemnify a Franchisor Indemnatee to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision will not apply to such party, but will continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.~~

## **XVI. 16. GENERAL CONDITIONS AND PROVISIONS**

### **16.1 No Waiver**



~~No failure by Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.~~

### **16.2 Injunctive Relief**

~~Franchisee agrees that any breach of any of the restrictions contained in Sections 6, 7 and 11 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.~~

### **16.3 Notices**

~~All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) 1 business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) 3 business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 16.3. All notices, payments and reports required by this Agreement shall be sent to Franchisor and Franchisee at the address set forth in the first paragraph of this Agreement.~~

### **16.4 Cost of Enforcement or Defense**

~~In the event of any court or arbitration proceeding, the non-prevailing party will reimburse the prevailing party for all of the prevailing party's costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees which are incurred before, at trial and at all appellate levels, even if not taxable as court costs, in addition to any other relief to which such party or parties may be entitled.~~

### **16.5 Approvals**

~~Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver,~~

~~approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.~~

#### **16.6 Entire Agreement**

~~This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

#### **16.7 Severability and Modification**

~~Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement.~~

#### **16.8 Construction**

~~All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party. All words used in this Agreement refer to whatever number or gender the context requires.~~

#### **16.9 Force Majeure/Timing**

~~Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement. Time is of the essence. Failure to perform any act within the time required or permitted by this Agreement shall be a material breach.~~

#### **16.10 Withholding Payments**

~~Franchisee shall not, for any reason, withhold payment of any fee or any other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due~~

~~indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.~~

#### **16.11 Effect/Joint and Several Liability**

~~This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, and permitted successors and assigns. If Franchisee is comprised of 2 or more persons, the obligations and liabilities to Franchisor of each of these persons will be joint and several.~~

#### **16.12 Limitation of Legal Action**

~~(A) EXCEPT WITH RESPECT TO FRANCHISEE'S OBLIGATIONS REGARDING THE MARKS AND CONFIDENTIAL INFORMATION AND TRADE SECRETS, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE.~~

~~(B) THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.~~

~~(C) ANY DISAGREEMENT BETWEEN FRANCHISEE (AND ITS GUARANTORS AND OWNERS) AND FRANCHISOR (AND ITS AFFILIATE AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE (AND ITS GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST FRANCHISOR (AND ITS AFFILIATES, OWNERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.~~

~~(D) FRANCHISEE WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISEE'S RELATIONSHIP WITH FRANCHISOR, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM. (E) FRANCHISOR'S MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF FRANCHISOR'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO FRANCHISOR WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY FRANCHISOR.~~

### **16.13 Limitation on Liens**

~~Franchisee will not grant a security interest, pledge, or place a lien upon its interest in this Agreement or in the Agency or in the furniture, fixtures, or equipment used in the business, except that Franchisee will be permitted to grant a security interest in such furniture, fixtures, and equipment to secure its obligation to the seller of, or lender of funds used for the purchase of, such furniture, fixtures, and equipment.~~

### **16.14 Day-to-Day Control**

~~Franchisee has the sole right and responsibility for the manner and means by which the day-to-day operation of the Agency is determined and conducted and for achieving Franchisee's business objectives. Subject to any approval, inspection and enforcement rights reserved to Franchisor in this Agreement, this right and responsibility possessed by Franchisee includes the employment, supervision, setting the conditions of employment and discharge for Franchisee's employees, daily maintenance, safety concerns and the achievement of conformity with the System.~~

### **16.15 Third Party Beneficiary**

~~Patrice & Associates, Inc. is a third party beneficiary to this Agreement and has the right to assume any of Franchisor's responsibilities, duties or functions in the event that the agreement between it and Franchisor expires or is terminated for any reason. Furthermore, Patrice & Associates, Inc. will have the right, but not the obligation, to enforce Franchisee's compliance with any provision of this Agreement.~~

### **16.16 Receipt of this Agreement and the Franchise Disclosure Document**

~~Franchisee acknowledges receipt of Franchisor's Franchise Disclosure Document, along with this Agreement, at least 14 days before Franchisee's execution of this Agreement or any payment by Franchisee to Franchisor. If any unilateral modifications have been made to this Agreement, Franchisee acknowledge that it has had at least 7 days to review them.~~

### **16.17 Right to Subcontract**

~~Franchisor has the right to subcontract the performance of any of its obligations pursuant to this Agreement to any of its Affiliate or any other third party designee.~~

### **16.18 Choice of Law**

~~Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without reference to its conflict of laws principles). If, however, any provision of this Agreement would not be enforceable under the laws of Delaware, and if the Agency is located outside of Delaware and the provision would be enforceable under the laws of the state in which the Agency is located, then the provision in questions (and only that provision) will be interpreted and construed under the laws of the state where the Agency is located. Further, any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between a franchisor and a franchisee or any similar relationship will not apply unless its jurisdictional requirements are met independently without reference to this Section 16.18. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations~~

~~for such law as in effect at the relevant time. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto in a State Law Addendum as Exhibit II. Franchisor shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination.~~

#### **16.19 Consent to Jurisdiction**

~~Any action brought by either party, except those claims required to be submitted to arbitration, shall only be brought in the appropriate state or federal court located in or serving Maricopa County, Arizona. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.~~

#### **16.20 Cumulative Rights and Remedies**

~~No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.~~

### **XVII. 17. DISPUTE RESOLUTION**

#### **17.1 Mediation**

~~Before any party may bring an action in court for any controversy, dispute or claim between Franchisor and Franchisee arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in Maricopa County, Arizona, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. The mediation does not have to be conducted under the AAA. Franchisor and Franchisee will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by the Franchisee. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, Franchisor and Franchisee agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.~~



~~The obligation of this Section to mediate will not be binding with respect to claims brought by Franchisor and relating to Franchisor's trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by Franchisor for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.~~

## **17.2 Arbitration**

~~In the event that the dispute is not resolved by mediation if so required, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Maricopa County, Arizona (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. The arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes Franchisor, it respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.~~

~~The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then Franchisor may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not Franchisor was a party) will not be binding on Franchisor in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.~~

~~The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, Franchisor and Franchisee will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class wide basis. None of the parties~~



~~to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.~~

~~In the event that the Franchisee or its guarantors have not complied with the provisions in this Section on Dispute Resolutions, Franchisee shall reimburse Franchisor for all of its expenses incurred in curing the Franchisee's breach (including, without limitation, Franchisor's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the Franchisor the amount of the initial franchise fee set forth in this Agreement. This is in addition to any other rights or remedies which Franchisor has in law or equity.~~

## **XVIII. 18. ACKNOWLEDGMENTS**

~~A. YOU RECEIVED: (A) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS, WITH ALL MATERIAL TERMS FILLED IN, AT LEAST SEVEN (7) CALENDAR DAYS BEFORE YOU SIGNED THIS AGREEMENT; AND (B) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (i) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (ii) SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;~~

~~B. YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND~~

~~C. WE MAY NEGOTIATE TERMS OR OFFER CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.~~

## **19. CAVEAT**

~~THE SUCCESS OF THE AGENCY IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. FRANCHISOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE AGENCY AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON FRANCHISOR'S BEHALF.~~

~~FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT FRANCHISEE A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR FRANCHISOR'S DECISION. FRANCHISEE AFFIRMS THAT ALL INFORMATION SET FORTH IN ANY AND ALL APPLICATIONS, FINANCIALS STATEMENTS AND SUBMISSIONS TO FRANCHISOR ARE TRUE, COMPLETE AND ACCURATE IN ALL RESPECTS AND THAT FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR IS RELYING UPON THE TRUTHFULNESS, COMPLETENESS AND ACCURACY OF THE INFORMATION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL FRANCHISOR SIGN THIS~~

~~AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, FRANCHISEE IS NOT A FRANCHISEE OF FRANCHISOR AND FRANCHISEE MAY NOT RELY UPON BECOMING A FRANCHISEE OF FRANCHISOR.~~

~~20. NON-LIABILITY OF FRANCHISOR'S AFFILIATE~~

~~Franchisor is the only company obligated to Franchisee under this Agreement. Franchisee may not look to any Affiliate or related companies, other business entities or any individuals for performance of this Agreement.~~

~~IN WITNESS WHEREOF~~, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**Patrice Franchising, LLC**

By: \_\_\_\_\_  
\_\_\_\_\_  
Jason C. Miller, CEO

**FRANCHISEE:** \_\_\_\_\_  
\_\_\_\_\_  
(type/print name)

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

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

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

{or, if an individual}

Signed: \_\_\_\_\_

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

## **GUARANTY AND ASSUMPTION OF OBLIGATIONS**

~~In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the “Agreement”), by Patrice Franchising, LLC (“Franchisor”) in favor of \_\_\_\_\_ (“Franchisee”), each of the undersigned (“Guarantors”) hereby personally and unconditionally guarantees to Franchisor, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement. The Guarantors each agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including, the restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks and Transfers to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned will survive any expiration or termination of the term of the Agreement or this Guaranty and Assumption of Obligations. The Guarantors further hereby personally and unconditionally guarantee all debts and obligations Franchisee incurs to Franchisor, its successors, assigns, affiliated entities, parent corporation, and subsidiaries (“Affiliates”), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from Franchisor and its Affiliates. Each of the undersigned waives:~~

- ~~(1) acceptance and notice of acceptance by Franchisor or Affiliates of the foregoing undertakings; and~~
- ~~(2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and~~
- ~~(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and~~
- ~~(4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and~~
- ~~(5) all rights to payments and claims for reimbursement or subrogation which any of the Guarantors may have against the Franchisee arising as a result of the Guarantors' execution of and performance under this Guaranty and Assumption of Obligations; and~~
- ~~(6) any and all other notices and legal or equitable defenses to which he may be entitled. Each of the undersigned consents and agrees that:~~

- ~~(1) his or her direct and immediate liability under this Guaranty and Assumption of Obligations will be joint and several; and~~
- ~~(2) he or she will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; and~~
- ~~(3) such liability will not be contingent upon or conditioned upon the pursuit by Franchisor or Affiliates of any remedies against the Franchisee or any other person; and~~

~~(4) — such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which Franchisor or Affiliates may from time to time grant to the Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty and Assumption of Obligations, which will be continuing and irrevocable during the term of the Agreement.~~

~~If Franchisor or any of the Affiliates are required to enforce this Guaranty and Assumption of Obligations in any judicial proceeding or appeal thereof, the Guarantors will reimburse Franchisor and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.~~

~~The undersigned Guarantors also recognize that certain disputes relating to the Franchise Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with the terms of the Franchise Agreement. Further, the undersigned Guarantors also hereby consent to the applicability of the venue, governing law and jurisdiction provisions in the Franchise Agreement. The terms contained in the Agreement and this Guaranty and Assumption of Obligations constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.~~

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

Print Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Print Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**~~EXHIBIT I TO THE FRANCHISE AGREEMENT~~**

**~~LOCATION AND TERRITORY~~**

The location of the Agency is: \_\_\_\_\_

The Territory is: \_\_\_\_\_



**EXHIBIT II TO THE FRANCHISE  
AGREEMENT**

**STATE LAW  
ADDENDUM**

## ~~STATE LAW ADDENDUM – CALIFORNIA~~

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

~~In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 *et seq.* the franchise disclosure document and Franchise Agreement for PATRICE & ASSOCIATES, FRANCHISING, INC. for use in the State of California shall be amended as follows:~~

~~Item 3 of the FDD is supplemented to include the following:~~

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

~~Other provisions:~~

~~California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Business & Professions Code Sections 20000 through 20043, the California Business & Professions Code Sections 20000 through 20043 controls.~~

~~The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).~~

~~The Franchise Agreement requires binding arbitration. The arbitration will occur in Anne Arundel County, MD with the costs being borne by both parties.~~

~~The Franchise Agreement contains a covenant not to compete which extends beyond the termination, expiration or transfer of the franchise. This provision may not be enforceable under California law.~~

~~The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.~~

~~Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.~~

~~The Franchise Agreement requires application of the law of the State of Delaware. This provision may not be enforceable under California law.~~

~~Waiver of jury trial and the restriction on the statute of limitations may not be enforceable under California law.~~

~~You must sign a release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).~~

~~OUR WEBSITE IS [www.patriceandassociate.com](http://www.patriceandassociate.com) OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).~~

~~Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.~~

~~The financial performance representation figures does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Agency. Franchisees or former franchisees, listed in the FDD, may be one source of this information.~~

~~Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, and Franchise Disclosure Document shall remain in full force and effect, except to the extent specifically modified herein.~~

. This Agreement grants you the right to operate your P&A Agency only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of three (3) Successor Agreements upon expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we also reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. The parties may agree to further renewals after expiration of the third (3<sup>rd</sup>) renewal term, but neither party is obligated to do so. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

**4.2. Renewal Requirements.** In order to renew, you and the Owners (as applicable) must:

- (a) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable;
- (b) not be in default under any Definitive Agreement at the time you send the renewal notice or the time you sign the Successor Agreement;
- (c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (d) sign a General Release; and
- (e) upgrade your equipment to comply with our then-current standards and specifications.

We may refuse to enter into a Successor Agreement if we issue two (2) or more default notices to you during the Term or last renewal term, as applicable. **Section 4 of the Franchise Agreement is amended to include the following:** If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision **not to renew or offer you the right to renew. Our failure to send**

~~you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above.~~ If you have any objections to our notice of non-renewal, including ~~any~~ dispute as to the basis for our decision ~~not to renew~~, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise. ~~You still must comply with all renewal requirements contained in this Section 4, including providing us with not less than 6 nor more than 9 months written notice of an election to renew the franchise, prior to the end of the initial term.~~ Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above.

**4.3. ~~Dated on the day of~~ Interim Term.** If you do not sign a Successor Agreement but continue to operate your P&A Agency after the Term expires, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of termination of the Interim Term. In the latter case, all your obligations remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations imposed on you upon expiration of the Term will take effect upon termination of the Interim Term.

## **5. TRAINING AND CONFERENCES**

**5.1. Franchise Training Program.** The Managing Owner must attend and successfully complete our initial franchise training program before you open your P&A Agency. You may, but need not, send additional Owners to our initial franchise training program. Our initial training program also includes the 90-day mentoring program described in §6.4. Upon execution of this Agreement, you must pay us a nonrefundable \$7,000 initial training fee, which covers initial franchise training for the Managing Owner as well as the 90-day mentoring program.

**5.2. Manager Training Program.** If you choose to hire a Manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new Manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program, including the 90-day mentoring program, before assuming responsibility for the management of your P&A Agency. You must pay us a nonrefundable \$3,500 manager training fee for each Manager we train. The Manager training fee is due at the time training is scheduled.

**5.3. Executive Recruiting Training & Certification.** Upon execution of this Agreement, you must pay us a nonrefundable \$10,000 executive recruiting training and certification fee. Before participating in executive recruiting, you must complete the executive recruiting training and certification. Executive recruiter training and certification is a supplemental module to our initial training. It addresses executive recruiting (also known as executive search), which involves placing higher-level candidates under retained or partially retained fee arrangements. The training covers securing clients, sourcing top-tier talent, and guiding candidates through the placement process.

**5.4. Training of New Managing Owner or Manager.** If you appoint a new Managing Owner or hire a new Manager after we conduct our pre-opening initial training program, the new Managing Owner or Manager, as applicable, must attend and successfully complete our then-current initial training program no later than 45 days after such Person is appointed or hired. You must pay our then-current initial training fee for each new Managing Owner and/or Manager that we train. The training fee is due at the time training is scheduled.

**5.5. Recruiter Training Program.** All of your Recruiters must attend and successfully complete our Recruiter training program before they commence work for your P&A Agency. If you hire a new Recruiter after you open your Business, you have the option to: (a) train the new Recruiter yourself using the Proctor Program; or (b) have us train the Recruiter. You may not train Recruiters unless you

are certified to use the Proctor Program. At the time you hire each Recruiter, you must pay us a Recruiter training fee of: (a) \$0 if you train the Recruiter using the Proctor Program; or (b) \$500 if we train the Recruiter.

**5.6. Ongoing Training.** We may, but need not, offer ongoing business development training covering various topics such as hiring and training Recruiters, business expansion, Client development, leadership training, territorial enhancement or any other topic we deem appropriate. We may designate participation at these training programs as mandatory or optional. We do not charge a training fee for training programs we offer pursuant to §5.6.

**5.7. Additional Training Upon Request.** Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time. You must pay us a training fee of \$600 per day for each Person to whom we provide additional training or assistance that you request. The training fee is due 10 days after invoicing.

**5.8. Training Location.** Currently, all training programs are offered virtually. At any time, we may require that training be held at our corporate headquarters or any other location we designate.

**5.9. Conferences.** We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting P&A Agencies. Attendance at these conferences is mandatory for your Managing Owner and Manager (if you have a Manager). You must pay us a conference registration fee of \$495 per Person per conference. We may charge you the conference registration fee regardless of whether your Managing Owner or Manager attend. The conference registration fee is due 30 days prior to the conference; *provided, however*, that the conference registration fee for your first conference is due during initial franchise training.

## **6. OTHER FRANCHISOR ASSISTANCE.**

**6.1. Manual.** We provide you with access to our Manual in text or electronic form during the Term. The Manual will help you develop and operate your P&A Agency. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

**6.2. P&A Database.** We will license you the right to utilize our proprietary P&A Database, which includes qualified hospitality Applicants and hospitality management positions with Clients. You must utilize the P&A Database to perform the specific functions described in the Manual. You must follow all policies and procedures in the Manual with respect to the use of the P&A Database and your entry and/or accessing of data, including procedures for notifying us of new Clients you solicit. You must pay us: (a) a weekly P&A Database licensing fee equal to 7% of your weekly Gross Sales, which is due on each royalty payment due date; and (b) an additional licensing fee of \$60 per month per Recruiter for each Recruiter associated with your P&A Agency, which is due on the first day of each month. At any time, we may require that your Managing Owner, Manager and Recruiters execute our current form of P&A Database User Agreement and Privacy Policy, which we may change from time to time.

**6.3. Website & Microsite.** We will maintain a corporate website for our brand. We may modify and/or discontinue the website at any time in our sole discretion. We will also develop and host a Microsite for your P&A Agency (i.e., a local webpage to promote your P&A Agency) that will be linked to our website and include your contact information and any other information we deem appropriate. Upon execution of this Agreement, you must pay us a nonrefundable \$7,000 website development fee that covers the cost for us to develop and host your Microsite and includes all required maintenance and support during the initial Term. We must approve all content on your Microsite, but we will consider information you suggest in good faith. We will own our corporate website, your Microsite and the associated domain names at all times. We may subcontract the website development and maintenance services to any third-party supplier of our choosing.

**6.4. Mentor Program and Group Calls.** As part of initial franchise training, we will provide you with a

mentor (who may be an established franchisee) during the 90-day period after you commence operating your P&A Agency. During this time, your mentor will hold daily one-on-one calls with you (on business days only) to provide mentoring, coaching and support. During your first six (6) weeks of operation, we will also conduct two (2) group conference calls each week with you and other newly operational franchisees to provide additional training and support.

**6.5. General Guidance.** Based on periodic inspections of your P&A Agency or reports you submit to us, we provide our guidance and recommendations on ways to improve the operation of your P&A Agency. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by telephone, e-mail or similar methods of communication.

**6.6. Payment of Compensation.** On each royalty payment due, we pay you compensation earned from Placements in accordance with this Section. The weekly compensation is calculated based on Placement Fees we collect during the immediately preceding weekly reporting period. We pay you the following compensation:

- (a) if you place the Applicant with a Client originated by you or us, we pay you 76% of the Placement Fee (i.e., after deducting 24% for our percentage-based fees);
- (b) if you place the Applicant with a Client originated by another franchisee in a Split Placement transaction, we pay you 56% of the Placement Fee (i.e., after deducting 24% for our percentage-based fees and 20% that is paid to the franchisee who originated the Client); and
- (c) if another franchisee places the Applicant with a Client credited to you in a Split Placement transaction, we pay you 20% of the Placement Fee (i.e., after deducting 24% for our percentage-based fees and 56% that is paid to the franchisee who placed the Applicant).

Notwithstanding the above, you and the other franchisee may agree in writing to a different allocation of the Placement Fee between you and the other franchisee in connection with a Split Placement transaction; *provided, however*, that the written agreement must be provided to us prior to completion of the Placement. In addition to deducting our percentage-based fees, we reserve the right to deduct any other amounts you owe us and, if applicable, any collections costs we incur with respect to a delinquent account, before remitting the balance of the Placement Fee to you.

**6.7. Billing and Collection Services.**

- (a) Generally. We will provide all billing and collection services in connection with the operation of your Business. We will provide customer imprinted invoices, envelopes and postage. We will pay you each Friday based on amounts we collect during the prior weekly reporting period. You are prohibited from invoicing or collecting payments from Clients without our prior written approval. Any payment you receive from a Client must be immediately disbursed to us in accordance with the procedures in the Manual.
- (b) Authorization. You hereby authorize us to: (i) bill Clients on a scheduled basis, as set forth in the Manual; (ii) accept payment of Placement Fees and other amounts owed from Clients, including cash and all other forms of payment; (iii) collect accounts receivable; and (iv) maintain revenue records. You further authorize us to deduct the following amounts from Placement Fees we collect on your behalf: (i) our percentage-based fees (i.e., royalty fee, brand fund fee, P&A Database fee and billing services fee); (ii) all out-of-pocket costs we incur pursuant to §6.7(c) to enforce collection of delinquent accounts, including attorneys' fees, credit card fees, credit card fees, court costs and other costs of collection; and (iii) any other fees or amounts owed to us. We will remit the balance of the Placement Fees to you.
- (c) Delinquent Accounts. We will utilize reasonable efforts to collect payments from Clients with delinquent accounts. We will provide ongoing phone contact and reminder notices emailed or otherwise transmitted to delinquent customers on a monthly basis. We have no obligation to hire attorneys, commence litigation, or perform any acts (other than to send scheduled statements and



reminders) in order to enforce payment of accounts by Clients; *provided, however*, that if we choose to hire an attorney, collection agency or commence other legal proceedings or remedies to enforce payment, we may deduct all out-of-pocket costs we incur from any amounts we receive from the Client before remitting the balance to you. We are not responsible if a Client fails to pay and we are unable to recover amounts owed provided that we comply with our obligations described in this §6.8. You hereby waive the right to bring a Claim based on our inability to collect payment from a Client provided that we comply with our obligations described in this §6.8. For the avoidance of doubt, if we are unable to collect payments from Clients with delinquent accounts, you do not owe any percentage-based fees in connection with the associated placement.

- (d) Taxes. You are, and will continue to be, solely responsible for complying with all local, state and federal tax requirements, including ~~but not limited to~~ income tax, sales, tax, use tax ~~or any any other tax required~~ applicable Tax, along with the proper reporting requirements.
- (e) Refunds. All customer hires include a “guarantee period” during which the Applicant must remain continuously employed by the Client before the full Placement Fee is “earned”. If an Applicant leaves the job before expiration of the guarantee period, you must refund to us all amounts we paid to you in connection with the Placement of such Applicant. You must refund these amounts within 10 days after notification from us.

**6.8. Marketing Assistance.** As further described in §10.1 and §10.2, we administer the brand and system development fund and may provide other marketing assistance during the Term.

**6.9. Email Addresses.** We will provide you with one (1) or more Patrice & Associates email addresses for use with your P&A Agency. You and your Recruiters must exclusively use the email addresses we provide for all communications with us, Applicants, Clients, Referral Sources, suppliers and other Persons in any way relating to your Business. You may not use any email address we provide for any purpose unrelated to your P&A Agency. We will own the email addresses and accounts but allow you to use them during the Term. We have the right to access these email accounts and emails as part of an inspection.

**6.10. Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. We will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

## **7. ESTABLISHING YOUR BUSINESS**

**7.1. Designated Location.** Prior to opening, you must identify and notify us of the address of the Designated Location from which you will operate your P&A Agency. Your Designated Location may be the principal residence of your Managing Owner or Manager or you may lease a separate commercial office. Your Designated Location must be located within your Territory, unless we approve otherwise in writing. You do not need our approval of the specific site of your Designated Location. If you relocate your Designated Location, you must notify us of the new Designated Location at least 30 days prior to relocating.

**7.2. Opening.** You must open your P&A Agency to the public within 90 days after the Effective Date. You may not open your P&A Agency prior to receipt of our written authorization to open. We need not issue our authorization to open before:

- (a) the Managing Owner successfully completes our initial training program;
- (b) you purchase all required insurance and furnish us with evidence of coverage; and

(c) you obtain all required licenses, permits and other governmental approvals.

You are deemed to have opened and commenced operation of your P&A Agency upon successful completion of the franchise initial training program (excluding the 90-day mentor program that takes place after opening). We may, but need not, issue to you a Certificate of Completion of Training confirming the opening of your P&A Agency. BY VIRTUE OF OPENING YOUR P&A Agency, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

**7.3. Grand Opening Marketing.** As a part of your grand opening, you must purchase job board placements through our designated online job search vendors. You must purchase products and services that comprise grand opening marketing directly from third-party suppliers we specify, however, in order to benefit from volume discount, the franchisor may act as a “pass through” for certain vendors.

## **8. MANAGEMENT AND STAFFING.**

**8.1. Owner Participation.** You must designate the Owner who will serve as your Managing Owner. The Managing Owner will have overall responsibility for the management and operation of your P&A Agency. The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the day-to-day management and supervision of your P&A Agency (unless you hire a Manager); (d) have general management power and authority of the business affairs of the P&A Agency, including the power and authority to act on your behalf and legally bind you; and (e) at all times hold at least a 51% ownership interest in the Business or the Franchisee Entity, as applicable, unless we waive this requirement. Any new Managing Owner you appoint must successfully complete our then-current initial training program within 45 days after being appointed as the Managing Owner.

**8.2. Manager.** You may hire a Manager to assist the Managing Owner with the onsite management and supervision of your P&A Agency. Any Person you hire as a Manager must: (a) successfully complete all training programs we require; (b) dedicate full-time efforts to the day-to-day management and supervision of your P&A Agency; (c) have general management power and authority of the business affairs of the P&A Agency, including the power and authority to act on your behalf and legally bind you; and (d) sign a Brand Protection Agreement. The Managing Owner must monitor and supervise the activities of the Manager to ensure the P&A Agency is operated in accordance with this Agreement and the Manual.

**8.3. Recruiters.** You may hire one or more Recruiters to provide recruitment services on behalf of your P&A Agency. Any Person you hire as a Recruiter must: (a) successfully complete all training programs we require; and (b) sign a Brand Protection Agreement. Either the Managing Owner or a trained Manager must supervise the activities of your Recruiters. For each Recruiter you hire, you must pay us: (a) the applicable Recruiter training fee; (b) a \$125 setup fee; and (c) a \$60 per month licensing fee for access to the P&A Database, as further described in §6.2.

**8.4. Employees.** You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all

employment-related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer.

**8.5. Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an “Interim Manager”) to manage your P&A Agency if either: (a) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to appoint an approved replacement Managing Owner within 30 days thereof; or (b) you are in material breach. The Interim Manager will cease to manage your P&A Agency at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to pay us a management fee equal to \$600 per day during the period of time that the Interim Manager manages your P&A Agency. You must also reimburse us for all travel and living expenses incurred by the Interim Manager. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

**9. FRANCHISEE ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity’s organizational documents and a current Certificate of Good Standing. Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

## **10. ADVERTISING & MARKETING.**

### **10.1. Brand and System Development Fund.**

- (a) Administration. We currently administer a brand and system development fund to promote public awareness of our brand and improve our System. We may use the fund to pay for any of the following in our sole discretion:
  - (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;
  - (ii) conducting and administering promotions, contests or giveaways;
  - (iii) improving public awareness of the Marks;
  - (iv) public and consumer relations and publicity;
  - (v) brand development;
  - (vi) sponsorships;
  - (vii) charitable and non-profit donations and events;
  - (viii) website development and search engine optimization;
  - (ix) development and maintenance of an ecommerce platform;
  - (x) development and implementation of quality control programs, including the use of client satisfaction surveys;
  - (xi) conducting market research;
  - (xii) changes and improvements to the System;
  - (xiii) the fees and expenses of any advertising agency we engage to assist in producing or

- conducting advertising or marketing efforts;
- (xiv) collecting and accounting for contributions to the fund;
- (xv) preparing and distributing financial accountings of the fund;
- (xvi) any other programs or activities we deem appropriate to promote or improve the System;  
and
- (xvii) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing marketing or advertising activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

- (b) Contributions. On each royalty payment due date, you must pay us a brand and system development fund fee equal to 2% of Gross Sales collected during the prior reporting period. We deposit all fund contributions from you and other franchisees into the fund.

**10.2. Marketing Assistance From Us.** An initial supply of marketing materials is included in the marketing starter kit you purchase from us. We may create and make available to you other advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

### **10.3. Your Marketing Activities.**

- (a) Generally. Although you are encouraged to engage in local advertising, you are not required to spend any minimum amount on local advertising to promote your P&A Agency. However, you agree to participate at your own expense in all advertising, promotional and marketing programs that we require.
- (b) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. ~~Any advertising to solicit candidates~~ Applicants for job openings, must reflect that ~~that the~~ your P&A Agency is an equal opportunity employer and must specifically include the phrase "equal opportunity employer" in the text of ~~within the advertising.~~ The Franchisor is ~~We are not liable for any equal-opportunity-employer violations brought against the Franchisee and/or you or your P&A Agency by the Equal Employment Opportunity~~

Commission or otherwise. You cannot market or advertise outside your Territory except in compliance with §3.2 and our Client Development Policy.

- (c) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including all advertising and marketing materials we did not prepare or previously approve (and including materials we prepare or approve and you modify). We must also approve the media you intend to use. You may not use any advertising materials, programs or media we have not approved (including materials, programs or media we previously approved and later disapprove). We have 20 days to review and approve advertising and marketing materials and programs you submit for approval. Our failure to issue our approval within the 20-day period constitutes our disapproval.
- (d) Social Media. You may advertise and market your P&A Agency using social media, provided that:
  - (i) you only utilize social media platforms we approve;
  - (ii) you strictly comply with our social media policy (as revised from time to time);
  - (iii) you immediately remove any post we disapprove (even if it complies with our social media policy);
  - (iv) you contract with and exclusively utilize any supplier we designate for social media marketing;
  - (v) you provide us with full administrative rights to your social media accounts; and
  - (vi) we retain ownership of all social media accounts relating to your P&A Agency.

We reserve the right to revoke your authorization to use social media at any time upon notice to you.

- (e) Internet and Websites. We will setup and maintain your Microsite in accordance with §6.3. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your P&A Agency (other than the Microsite we provide), including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.
- (f) Charitable Contributions and Donations. In order to protect the Marks, you are prohibited from making any contribution or donation of items, services or funds to any charitable, religious, political, social, civic or similar type of organization (or to any Person on behalf of any such organization or to any Person for purposes of providing a benefit or support to any such organization) without our prior written approval, which we may withhold in our sole discretion.

## **11. OPERATING STANDARDS.**

**11.1. Generally.** You agree to operate your P&A Agency: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards, this Agreement and the Manual. You are ~~only permitted to make those~~ such promises, representations and guarantees to ~~customers, candidates~~ Applicants, Clients and others ~~at the Agency~~, that we authorized in writing ~~by Franchisor~~; You must preserve good customer relations; and render competent, prompt, courteous and knowledgeable services in connection with your P&A Agency. You must exercise diligent efforts to recruit, screen, interview, indoctrinate, contract with ~~and for~~, and assign, place and dispatch direct hire employees (i.e., Applicants) in accordance with ~~the~~ our standards and procedures ~~of Franchisor and the Systems~~, and without regard to race, color, religion, sex, national origin or age.

**11.2. Brand Standards Manual.** You agree to establish and operate your P&A Agency in accordance with



the Manual. The Manual may contain, among other things:

- (a) a description of the authorized goods and services your P&A Agency may provide;
- (b) specifications, techniques, methods, operating procedures and quality standards;
- (c) reporting and insurance requirements;
- (d) policies and procedures pertaining to use of the P&A Database;
- (e) policies and procedures pertaining to marketing and advertising;
- (f) policies and procedures pertaining to data ownership, protection, sharing and use; and
- (g) a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your P&A Agency and (b) any designated or approved suppliers for these goods or services.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding at the time we notify you of the modification (subject to any “grace period” we provide to implement the change). All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

**11.3. Authorized Goods and Services.** You agree to offer and provide all goods and services we require from time to time in our commercially reasonable discretion. You may not offer, sell or provide any other goods or services without our prior written permission. You may not use your P&A Agency or permit your P&A Agency to be used for any purpose other than offering the goods and services we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of this Agreement.

**11.4. Suppliers and Purchasing.** You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you must purchase certain goods and services only from suppliers we designate or approve (which may include, or be limited exclusively to, us or our affiliate). Our right to specify the suppliers you may use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of P&A Agencies, protect our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based on your purchases, we have no obligation to pass them through to you or use them for any particular purpose. If you want us to approve a supplier you propose, you must send us a written notice specifying the supplier’s name and qualifications and provide any additional information we request. We will approve or reject your request within 45 days after we receive your notice and all additional information (and samples) we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 45-day period. You must reimburse us for all costs and expenses we incur in reviewing a proposed supplier within 10 days after invoicing.

**11.5. Equipment Maintenance and Changes.** You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. Our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period we reasonably specify.



## **11.6. Technology Systems.**

- (a) Generally. You must acquire and utilize all Technology Systems we require from time to time. The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, data management and storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.
- (b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. It also covers our costs and expenses to research and implement new ways for franchisees to provide recruitment services, including website developments, beta tests, new job boards, etc. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements or the costs we incur for research and development. The technology fee does not include any amounts you pay directly to third-party suppliers for any components of the Technology Systems. The technology fee is due 10 days after invoicing or as we otherwise specify. As of the Effective Date, we charge a technology fee of \$350 per month.
- (e) 10DLC Compliance. We require that you use our designated text-to-hire platform for all text-based hiring communications to ensure compliance with the 10DLC (10-Digit Long Code) texting rules. Your failure to implement or maintain the test-to-hire platform, follow our guidelines, or comply with 10DLC regulations may expose you and the franchise system to significant legal and financial risks. You will bear sole responsibility for such noncompliance and must indemnify us from any associated losses, fines, or damages.

**11.7. Failure to Comply with Standards.** You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with

the Marks. If we notify you of a failure to comply with our standards or operating procedures (including, without limitation, failure to provide required reports in a timely manner) and you fail to correct the non-compliance within the period of time we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$100 per occurrence. We may impose an additional \$100 fine for every 48 hours the same non-compliance issue remains uncured following our imposition of the initial fine.

**12. FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council (FAC) to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The FAC would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of FAC representatives to communicate with us on matters raised by the FAC. You would have the right to be an FAC member as long as you comply with this Agreement and do not act in a disruptive or abusive manner. As a member, you would be entitled to all voting rights and privileges granted to other FAC members. Each member would have one vote on all matters on which members are authorized to vote.

### **13. FEES**

**13.1. Initial Franchise Fee.** You agree to pay us a \$65,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

**13.2. Royalty Fee.** On each weekly royalty fee due date, you must pay us a royalty fee equal to 10% of your Gross Sales collected during the prior weekly reporting period. Our current royalty fee due date is Friday and our current weekly reporting period runs from Friday to Thursday each week. We may change the royalty fee due date and our weekly reporting period upon 30 days' prior notice.

**13.3. Other Fees and Payments.** You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this §13.

**13.4. Taxes.** You agrees to indemnify and/or reimburse ~~Franchisor~~us and ~~its~~our ~~A~~affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any ~~applicable state or local~~gGovernmental ~~a~~Authority as a result of the conduct of ~~the~~your P&A Agency or the license of any of ~~Franchisor's~~our or ~~its~~our ~~A~~affiliates' intangible property to ~~Franchisee~~you (whether required to be paid by ~~Franchisor~~us or ~~our~~ ~~its~~ ~~A~~affiliates, withheld by ~~Franchisee~~you or otherwise). ~~Franchisee's~~Your obligation to indemnify or reimburse ~~Franchisor~~us or ~~our~~ ~~its~~ ~~A~~affiliates for these taxes does not extend to income-type taxes which a Governmental Authority imposes on us or our affiliates' income.

**13.5. Late Fee.** If any sum due under this Agreement has not been received by us when due (or there are insufficient funds in your Account to cover the sum when due), then in addition to this sum you must pay us default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. If no due date is specified, interest begins to run 10 days after we bill you. We will not impose a late fee for any amount paid pursuant to §13.6 if, but only to the extent, sufficient funds were available in your Account to be applied towards the payment when due. However, we may impose a late fee for any amount we are unable to reasonably determine due to your failure to furnish us with a report required by §15.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due. This §13.5 shall not constitute our agreement to accept late payments or extend credit to you.

**13.6. Method of Payment.** In accordance with §6.8, we will invoice and collect payments from Clients, deduct our fees and other amounts owed to us from such payments, and remit the balance to you on each royalty fee due date. No later than 15 days after the Effective Date, you must send us a completed and fully executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date (other than amounts deducted from Gross Sales and fees due within 15 days after the Effective Date). You must sign all other documents

required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late charge imposed pursuant to §13.5. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds. Certain fees, such as the monthly recruiter licensing fee described in §6.2, maybe be paid by credit card.

#### **14. BRAND PROTECTION COVENANTS.**

**14.1. Reason for Covenants.** The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners receive an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §14 to protect the Intellectual Property and our franchise system.

**14.2. Intellectual Property and Confidential Information.** You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your P&A Agency pursuant to this Agreement; (b) at all times maintain the confidentiality of our Confidential Information; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

**14.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not place job applicants with businesses or other employers that are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

**14.4. Family Members.** Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activity during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

**14.5. Employees.** All employees, officers, directors, independent contractors and other Persons associated with you or your P&A Agency must sign and send us a Confidentiality Agreement before accessing our Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs.

**14.6. Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §14 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with other

franchisees benefits you and the Owners by preventing them from unfairly competing with your P&A Agency; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.

**14.7. Breach of Covenants.** You and the Owners agree that: (a) any breach of §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breach §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires us to post a bond despite our agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

## **15. YOUR OTHER RESPONSIBILITIES**

**15.1. Insurance.** For your protection and ours, you agree to maintain the following insurance policies:

- (a) “all risk” property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your P&A Agency, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;
- (b) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your P&A Agency, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate; or if your Designated Location is a principal residence, you may instead obtain a \$1,000,000 umbrella policy on the homeowner’s policy;
- (c) privacy and cyber security liability insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$1,000,000 in the aggregate;
- (d) business interruption insurance providing coverage for 100% of all expenses and financial obligations for a minimum period of six (6) months (including fees owed to us, which shall be deemed to include average weekly royalty fees, brand fund contributions and P&A Database fees imposed during the 52-week period preceding the event triggering coverage under the insurance policy);
- (e) employer’s liability insurance with minimum coverage of at least \$100,000 or such higher amount required by applicable Law;
- (f) worker’s compensation insurance as required by Law; and
- (g) any other insurance required Law or specified in the Manual from time to time.

Your insurance must include coverage for your indemnification obligations set forth in §18. You must provide us with proof of coverage prior to opening, within 10 days after any policy renewal and at any other time on demand. You agree to obtain these policies from licensed insurance carriers are rated A or better by Alfred M. Best & Company, Inc. Each policy must endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 30 days’ prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days’ notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance, including excess liability (umbrella) insurance, due to inflation, identification of special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must must



promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur.

**15.2. Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least six (6) years after their preparation. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account with permission to read all reports.

**15.3. Reports.** You agree to prepare all reports we require in the form and manner we specify and send us a copy of any report we require upon request. We may independently access your Technology Systems to retrieve and compile any Business Data we deem appropriate.

**15.4. Financial Statements.** No later than the 20<sup>th</sup> day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business in the format we prescribe. Within 60 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared in compliance with United States Generally Accepted Accounting Principles, consistently applied; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You authorize us to disclose Operational Data to prospective franchisees, regulatory agencies and others for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

**15.5. Legal Compliance.** You must secure and maintain in force all required licenses, permits and regulatory approvals and operate your P&A Agency in full compliance with all applicable Laws. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any Governmental Authority that may adversely affect the operation of your P&A Agency or your financial condition.

**15.6. Ownership and Protection of Data.** We are the exclusive owner of all Business Data, regardless of whether such Business Data is collected by you, us or another Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your P&A Agency in compliance with this Agreement. You must protect all Applicant Data and Client Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data, which if compromised, could have a negative impact on our image or consumer confidence. You agree: (a) to comply with all applicable data protection Laws as well as our data processing and data privacy policies in the Manual (if any); and (b) upon our request, to sign any data processing and/or data privacy agreement required by us or by Law. You further agree to:

- (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with;
- (c) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;
- (d) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (e) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.

## **16. INSPECTION AND AUDIT**

**16.1. Inspections.** For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Designated Location, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (a) examining, copying and auditing your books, records, accounts and tax returns;
- (b) accessing your Technology Systems and retrieving any Business Data we deem appropriate (you hereby agree to provide us with access upon request);
- (c) inspecting and testing your equipment; and
- (d) contacting your Applicants, Clients, Referral Sources, Manager (if applicable), Recruiters and other staff.

We may conduct the inspection at any time and without prior notice; provided, however, that if your Designated Location is a principal residence, we will provide at least three (3) days' prior notice and will conduct the inspection during reasonable hours. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Business. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate in connection with the inspection.

## **17. INTELLECTUAL PROPERTY**

**17.1. Ownership and Use.** You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your P&A Agency during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

**17.2. Intellectual Property Changes.** We may change the Intellectual Property at any time in our sole discretion, including the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) due to a change to the Intellectual Property.

**17.3. Use of Marks.** You agree to: (a) use the Marks as the sole identification of your P&A Agency; *provided, however,* that you must identify yourself as the independent owner of your P&A Agency in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register a Mark, or a trademark confusingly similar to a Mark, with a Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.



**17.4. Use of Know-how.** We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your P&A Agency in compliance with this Agreement and the Manual.

**17.5. Improvements.** If you (or your Owner or employee) conceive of or develop an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using the Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a P&A Agency, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign ownership of the Improvement to us or our designee, without charge, together with all associated intellectual property rights, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you must grant us a perpetual royalty-free license to use, commercialize and sublicense the Improvement in any manner we deem appropriate.

**17.6. IP Disputes.** You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with the IP Dispute. We have sole discretion in deciding what action, if any, to take in response to an IP Dispute. We exclusively control all litigation and other proceedings relating to IP Disputes. You must execute all documents, render all assistance, and perform all acts that our counsel deems necessary or advisable to protect or maintain our interest in the proceeding and/or protect the Intellectual Property.

**18. INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

- (a) the marketing, use or operation of your P&A Agency;
- (b) the breach of a Definitive Agreement committed by you or your Owner or affiliate;
- (c) the breach of an agreement with a third party committed by you or your Owner or affiliate;
- (d) any representations made by you or your Owner to a transferee in connection with a Transfer;
- (e) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (f) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a P&A Agency or an Indemnified Party (this provision does not apply to disclosure of truthful information to Governmental Authorities or other franchisees);
- (g) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners);
- (h) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees; or
- (i) any failure to implement or maintain the text-to-hire platform, follow our guidelines, or comply with 10DLC regulations.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to the Claim; and (b) control the response thereto and the defense thereof, including the right to settle the Claim. You may participate in the defense at your expense. You must fully cooperate and assist the Indemnified Parties with defense of the Claim and reimburse all costs and expenses they incur in defending the Claim including, without limitation, mediation, arbitration or court expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend proceedings or hearings relating to the

matter. Your indemnification obligations survive, and continue in full force and effect after, the Transfer, termination or expiration of this Agreement.

## **19. TRANSFERS**

**19.1. By Us.** This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

**19.2. By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

- (a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a P&A Agency and meet all our criteria for franchisees;
- (b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program (and the transferee pays us any applicable training fee);
- (d) the transferee and its owners, obtain all licenses and permits required by applicable Law to own and operate the P&A Agency;
- (e) the transferee signs an agreement, in a form satisfactory to us, agreeing to discharge and guarantee all of your obligations under this Agreement and any other agreement relating to the Business;
- (f) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;
- (g) you upgrade all equipment to comply with our then-current standards and specifications (or you obtain a commitment from the transferee to do so within the period of time we approve);
- (h) you or the transferee pay us a \$10,000 transfer fee to defray expenses we incur in connection with the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);
- (i) you and your Owners sign a General Release of all claims arising before or contemporaneously with the Transfer;
- (j) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);
- (k) we choose not to exercise our right of first refusal described in §19.5; and
- (l) you or the transferring Owner, as applicable, and the transferee satisfy any other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand full compliance with all terms of the

franchise agreement by the transferee.

**19.3. Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause the former Franchisee Entity to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements (if the Permitted Transfer results in a new Franchisee Entity). You and the Owners (and transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

**19.4. Owner Death or Disability.** Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Business or Franchisee Entity must be Transferred to another Person in compliance with §19.2 or §19.3. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

**19.5. Our Right of First Refusal.** If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

## **20. TERMINATION**

**20.1. By You.** You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after you send us a written notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-termination obligations described in §21 and all other obligations that survive the expiration or termination of this Agreement.

**20.2. By Us.** We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default and "good cause" for termination:

- (a) if you become insolvent by reason of your inability to pay your debts as they become due;
- (b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (c) if your P&A Agency, or a substantial portion of the assets associated with your P&A Agency, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
- (d) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;
- (e) if you fail to open your P&A Agency within the time period required by §7.2;

- (f) if you abandon or fail to operate your P&A Agency for five (5) consecutive business days, unless the failure is due to Force Majeure or another reason we approve;
- (g) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the P&A Agency, and you fail to successfully overturn the suspension or revocation within five (5) days;
- (h) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material Law applicable to your P&A Agency;
- (i) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- (j) if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (k) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;
- (l) if you directly invoice for, or collect Placement Fees from, any Client or in connection with any Placement without our prior written authorization to do so;
- (m) if you make an unauthorized Transfer;
- (n) if you make an unauthorized use of the Intellectual Property;
- (o) if you breach any of the brand protection covenants described in §14;
- (p) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;
- (q) if you breach any of your obligations under this Agreement two (2) or more times in any 12 month period; or
- (r) if we or any affiliate of ours terminates any Definitive Agreement due to a default by you or your affiliate.

**20.3. Additional Conditions of Termination.** In addition to our termination rights in §20.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other Definitive Agreement, which shall constitute "good cause" for termination, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we send you a default notice pursuant to §20.3, we may suspend access to the P&A Database for you and your Recruiters until you cure the breach.

**20.4. By Mutual Agreement.** If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

## **21. POST-TERM OBLIGATIONS.**

**21.1. Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (a) immediately cease use of the Intellectual Property;
- (b) immediately cease access to, or use of, the P&A Database;
- (c) pay us all amounts you owe;
- (d) comply with all covenants described in §14 that apply after the expiration, termination or Transfer

of this Agreement or the disposal of an ownership interest by an Owner;

- (e) comply with our instructions to return or destroy all copies of the Manual, all Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (f) comply with our data retention policies pertaining to the Business Data;
- (g) cancel all fictitious or assumed name registrations relating to your use of the Marks;
- (h) provide us with a list of all of your prospective Applicants and Clients;
- (i) assign all Applicant and Client files, records and contracts in your possession or under your control to us or our designee;
- (j) notify all telephone companies, listing agencies and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your P&A Agency; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (k) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (e), (i) and (j) above shall not apply if you Transfer your P&A Agency to an approved transferee or we exercise our right to purchase your P&A Agency.

If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity but you continue to operate the P&A Agency pursuant to this Agreement, then this Section shall not apply to you (or to any remaining Owner) and the former Owner shall be subject only to the obligations set forth in subsections (a) and (b).

## **22. DISPUTE RESOLUTION.**

**22.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including ~~without limitation~~, all discovery conducted therein, ~~as well as all~~ and statements and settlement offers made by either party or the mediator in connection with the ~~M~~mediation): (a) shall be strictly confidential; (b) shall ~~be considered as compromise and~~ constitute “settlement negotiations” for purposes of ~~the F~~federal Rules of Evidence and state rules of evidence; and (c) shall not be admissible or otherwise used ~~in connection with~~for any purpose in any court or arbitration proceeding (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness for any purpose in any court or arbitration proceeding. Any Dispute involving Claims alleging a breach of §14, §17 and/or §21 (referred to as “Excluded Claims”) is not subject to mandatory negotiation or mediation unless both parties agree otherwise.

**22.2. Arbitration.** If a Dispute is not resolved by mediation within 60 days after a party makes a demand for mediation, then either party may submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators



will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim is not subject to mandatory arbitration unless both parties agree otherwise.

**22.3. Litigation.** If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an Excluded Claim (i.e., whether any Claim alleges a breach of §14, §17 or §21).

**22.4. Venue.** All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently Maricopa County, Arizona). The parties irrevocably waive any objection to such venue and consent to the jurisdiction of such courts.

**22.5. Attorneys' Fees and Costs.** If a Dispute is resolved through an arbitration or judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration or court costs. In addition, if you or an Owner breach any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur as a result of the breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.

**22.6. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY CLAIM (OTHER THAN FOR PAYMENT OF MONIES OWED OR AN EXCLUDED CLAIM) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATE OR LITIGATE A DISPUTE ON A CLASS ACTION BASIS.

## **23. REPRESENTATIONS.**

**23.1. Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Franchisee Entity in accordance with its terms.

**23.2. Franchise Compliance Representations.** You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

**23.3. General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.



**23.4. Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the Business or Franchisee Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at [www.home.treasury.gov](http://www.home.treasury.gov)); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of any event or development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## **24. GENERAL PROVISIONS**

**24.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of Delaware without reference to its principles of conflicts of law, but any Delaware Law that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

**24.2. Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your P&A Agency. You must include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.

**24.3. Severability and Substitution.** Each section of this Agreement (and each portion thereof) shall be severable. If applicable Law imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.

**24.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party’s failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payment from you after your breach.

- 24.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 24.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 24.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §16.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §16.1 and §18, respectively.
- 24.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date constitutes the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (ia) waiving any claims under any applicable state franchise law, including fraud in the inducement; or (ib) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 24.9. Good Faith Covenant.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.
- 24.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 24.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an Equity Interest in the Business or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §13, §14, §16, §18, §21, §22 and §24.

**24.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

**24.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.

**24.14. Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days’ prior written notice):

YOU:       , ~~20~~ :As set forth in Part A of ATTACHMENT "A"

US: \_\_\_\_\_ Patrice Franchising, LLC ~~Franchisee:~~ \_\_\_\_\_

~~By:~~ ~~By:~~ \_\_\_\_\_ 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ  
85255

~~Name:~~ ~~Name:~~ \_\_\_\_\_ Attention: Chief Executive Officer

Email: [jasonmiller@patriceandassociates.com](mailto:jasonmiller@patriceandassociates.com)

Notice shall be considered given on the earliest to occur of: (a) the third (3rd) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested; (b) the first (1st) calendar day after sent by email or comparable electronic system; or (c) the date delivered by hand.

**24.15. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

The parties below have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

Patrice Franchising, LLC, a Delaware limited liability company

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

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_  
  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are not an Entity):**

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

ATTACHMENT "A"  
TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details

**Title:** \_\_\_\_\_ **Name** \_\_\_\_\_ of \_\_\_\_\_ **Franchisee:**  
[\_\_\_\_\_]

Is the franchisee one or more natural Persons signing in their individual capacity? **Yes:** \_\_\_\_\_ **No:** \_\_\_\_\_

**Type** \_\_\_\_\_ of **Entity** \_\_\_\_\_ and **State** \_\_\_\_\_ of **Formation\*** \_\_\_\_\_ (if applicable):  
[\_\_\_\_\_]

\* *If the franchisee is a business Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.* **Title**

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Business or Franchisee Entity, as applicable, along with a description of their Equity Interest.

<u>Owner's Name</u>	<u>% Equity Interest</u>	<u>Direct or Indirect</u> <u>(if indirect, describe nature of interest)</u>

**Notice Address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ **Attention:** \_\_\_\_\_

\_\_\_\_\_ **Email:** \_\_\_\_\_

B. Approved Site

The address of your Designated Location is: [\_\_\_\_\_]

**C. Territory**

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as may be further depicted on the map attached on the following page):

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

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

*[Insert Map Below (if applicable)]*



**ATTACHMENT "B"**  
**TO FRANCHISE AGREEMENT**  
**FRANCHISE OWNER AGREEMENT**

*[See Attached]*

## FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural Person, in favor of Patrice Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”). Each signatory to this Agreement is referred to as “you”.

- 1. DEFINITIONS.** Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

“*Franchise Agreement*” means the Patrice & Associates Franchise Agreement executed by Franchisee with an effective date of \_\_\_\_\_, 202\_\_.

“*Franchisee*” means \_\_\_\_\_.

“*P&A Agency*” means any franchise we authorize to operate under the Marks and use our System.

“*Restricted Period*” means the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity; *provided however*, that if a court of competent jurisdiction determines this period of time is too long to be enforceable then Restricted Period means the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity.

- 2. BACKGROUND.** In your capacity as an Owner (or the spouse of an Owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “Owners” and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to Owners.

**3. BRAND PROTECTION COVENANTS.**

- (a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s P&A Agency in compliance with the Franchise Agreement and Manual; (ii) at all times maintain the confidentiality of the Confidential Information; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an Owner. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Restricted Period as long as the Competitive Business is not located within, and does not place job applicants with businesses or other employers that are located within, the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitive Business permitted by this Section), your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not

be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

- (c) Family Members. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in any Prohibited Activities at any time that you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable Law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**4. TRANSFER RESTRICTIONS.** We must approve all Persons who own an Equity Interest in the Business or Franchisee Entity. If you are an Owner, you agree that you will not Transfer any Equity Interest in the Business or Franchisee Entity except in accordance with §19 of the Franchise Agreement.

**5. FINANCIAL SECURITY.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (collectively, the "Secured Agreements") you hereby personally and unconditionally: (a) guarantee to us and our successors and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (i) acceptance and notice of acceptance by us of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness guaranteed; (iv) any right you may have to require that an action be brought against Franchisee or any other Person as a condition of liability; and (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability is not contingent or conditioned upon our pursuit of any remedies against Franchisee or any other Person; and (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence ~~we grant to the Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any e~~Claims, none of which ~~will~~shall in any way modify or amend this ~~G~~guarantee, which remains continuing and irrevocable during the term of each Secured Agreement and following the termination, expiration or transfer of each Secured Agreement to the extent any financial obligations under a Secured Agreement survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a

trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, released or limited in any manner whatsoever by any impairment, modification, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

**6. REPRESENTATION.** You represent to us that you received a copy of the executed Franchise Agreement.

**7. DISPUTE RESOLUTION.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution provisions set forth in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

**8. MISCELLANEOUS.**

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement is governed by the Laws of Delaware.
- (c) Any Claim or defense you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.
- (e) We may deliver to you any notice contemplated by this Agreement in the same manner and to the same address listed in the notice provision of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

Each of the undersigned has executed this Agreement as of the date or dates set forth below.

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**ATTACHMENT "C"**  
**TO FRANCHISE AGREEMENT**  
**ACH AUTHORIZATION FORM**

*[See Attached]*



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**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

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**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

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**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	Checking      Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

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**Authorization:**

Franchisee hereby authorizes Patrice Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____	Date: _____
Name: _____	
Title: _____	
Federal Tax ID Number: _____	

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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**ATTACHMENT "D"**  
**TO FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**

*[See Attached]*

## CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Patrice Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”).

**1. DEFINITIONS.** Capitalized terms that are not defined above have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s P&A Agency, job applicants, clients, referral sources and business operations, whether collected by you, Franchisee, us or any other person.

“Confidential Information” means and includes: (a) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the P&A Agency; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose the information to you without breaching a confidentiality covenant imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a P&A Agency.

“Franchisee” means the PATRICE & ASSOCIATES® franchisee for whom you are an employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a P&A Agency, (b) method of operation of a P&A Agency, (c) processes, systems or procedures utilized by a P&A Agency, (d) marketing, advertising or promotional materials, programs or strategies utilized by a P&A Agency or (e) trademarks, service marks, logos or other intellectual property utilized by a P&A Agency, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the development, marketing or operation of a P&A Agency, including, but not limited to: methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; information contained in the P&A Database; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a P&A Agency.

“Marks” means means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize P&A Agencies to use, including “Patrice & Associates” and the associated logo.

“P&A Agency” means any franchise we authorize to operate under the Marks and use our System.

“System” means our specially developed system for the operation of a recruiting business that consists of: operating procedures; methods and techniques for financial controls, record keeping and billing and

collection procedures; policies and procedures for accounting and reporting; personnel management programs; sales, marketing and advertising programs and strategies; training and business development programs and materials; our proprietary P&A Database and other software; and our proprietary Know-How.

- 2. BACKGROUND.** You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.
- 3. INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's P&A Agency; (b) maintain the confidentiality of Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
- 4. FAMILY MEMBERS.** You could circumvent the intent of this Agreement by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- 5. BREACH.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
- 6. MISCELLANEOUS.**

  - (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
  - (b) This Agreement is governed by the laws of Delaware. Any legal proceedings arising out of this Agreement must be brought exclusively in a court of competent jurisdiction in Maricopa County, Arizona.
  - (c) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

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

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

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

EXHIBIT "D"  
TO DISCLOSURE DOCUMENT  
OTHER AGREEMENTS

**EXHIBIT “D”-1**

**STATE ADDENDA**

*[See Attached]*



**STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES**

**BACKGROUND AND PURPOSE**

The following modifications are made to the Patrice & Associates Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Patrice Franchising, LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 202 (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

## CALIFORNIA

### Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires ~~the franchisor~~us to give ~~the franchisee~~you a disclosure document, in a form ~~and~~containing ~~such~~the information ~~as~~that the Commissioner may by rule or order require, ~~prior to~~before a solicitation of a proposed material modification of an existing franchise.
3. Neither ~~we~~the franchisor nor any person ~~identified~~or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The earnings claims figures ~~does~~do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues~~s~~ or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your ~~Agency~~franchise business. Franchisees or former franchisees, listed in the ~~FDD~~,Disclosure Document may be one source of this information.
5. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Arizona with the costs being borne by the party filing for arbitration.
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Supplemental Agreements require application of the laws of Delaware. In accordance with Section 310.114.1, this provision may not be enforceable under California law.
8. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
9. The Franchise Agreement and Supplemental Agreements contain a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
10. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
11. In California, default interest is limited to 10% per annum.
12. California Business ~~&~~and Professions Code Sections 20000 through 20043 provides rights to ~~the franchisee~~you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

13. You must sign a general release of claims if you renew or transfer your fFranchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
14. OUR WEBSITE ([www.patriceandassociates.com](http://www.patriceandassociates.com)) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~CORPORATIONS~~, FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION ~~AND~~ & INNOVATION AT <https://dfpi.ca.gov/>.
15. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.
16. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i)a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii)b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.
17. Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
  - (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
  - (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
  - (d) Violations of any provision of this division.

### **STATE LAW ADDENDUM-**

## HAWAII

1. The following is added to the Cover Page:

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

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

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH ~~THE FRANCHISOR AND THE FRANCHISEE.~~US AND YOU.

~~THE NAME AND ADDRESS OF OUR AGENT TO RECEIVE SERVICE OF PROCESS IN THE STATE OF HAWAII IS LISTED IN EXHIBIT A ATTACHED TO THE DISCLOSURE DOCUMENT.~~

~~THIS REGISTRATION IS, OR WILL SHORTLY BE ON FILE IN THE FOLLOWING STATES: ILLINOIS, CALIFORNIA, NEW YORK, MARYLAND, VIRGINIA, NORTH DAKOTA, RHODE ISLAND, MINNESOTA, WISCONSIN AND WASHINGTON. NO STATES HAVE REFUSED, BY ORDER OR OTHERWISE, TO REGISTER THESE FRANCHISES. NO STATES HAVE REVOKED OR SUSPENDED THE RIGHT TO OFFER THESE FRANCHISES.~~

~~No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.~~

~~The undersigned does hereby acknowledge receipt of this Addendum.~~

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

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

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled “State Effective Dates”.

4. ~~Title~~ The states in which this filing is or will be shortly on file include the following:

\_\_\_\_\_

5. ~~Title~~ The states, if any, which have refused, by order or otherwise, to register these franchises include the following: \_\_\_\_\_

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following:\_\_\_\_\_
7. The states, if any, in which the filing of these franchises has been withdrawn include the following:  
\_\_\_\_\_

**~~STATE LAW ADDENDUM-~~**



## ILLINOIS

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions~~In recognition of the requirements of the Illinois Franchise Disclosure Act, (“Act”) ~~shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency;~~815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

~~Item 17v. and 17w of the FDD, the State Cover Page of the FDD, and Sections 16.18 and 16.19 of the Franchise Agreement and Sections VIII.G and H. Choice of Law and Choice of Forum shall be Illinois.~~

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
- ~~2. State Law, Jurisdiction and Venue. Any~~In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement; including but not limited to Sections 16.18 and 16.19, which~~and Supplemental Agreements that~~designates~~d governing law;~~jurisdiction or~~and~~venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Arizona in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.

~~Termination or Nonrenewal Franchise: The Illinois Franchise Disclosure Act provides rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.~~

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- ~~4. Waiver. 815 ILCS 705/41 provides that the rights provided by the~~In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act of 1987 (the “Act”) along with other laws of the State of Illinois may not be waived. Consequently, any release of claims or acknowledgements of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or any other law of the State of Illinois shall be void and hereby deleted with respect to claims under the Act or any other law of the State of Illinois;is void.

~~Participation in Trade Associations: We will not in any way restrict any Franchisee from joining or participating in any trade association.~~

~~Release. Any release of claims or acknowledgements of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act shall be void and hereby deleted with respect to claims under the Act.~~

~~Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement shall remain in full force and effect, except to the extent specifically modified herein.~~

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

## STATE LAW ADDENDUM—MARYLAND

The following provisions of the Maryland Franchise Registration and Disclosure Law (“Maryland Franchise Law”) shall apply to any franchises sold or offered for sale within the State of Maryland, operated in this State or to a Maryland resident, which amends the Franchise Agreement:

~~Section 12.1 of the Franchise Agreement: Section 12.1 of the Franchise Agreement is amended to add: “The provision in this Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law, Title 11, United States Code Section 101 et seq.”~~

~~Section 16.12 of the Franchise Agreement. Section 16.12 of the Franchise Agreement is amended to add: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”~~

~~Franchise Agreement: “Notwithstanding anything in the Franchise Agreement to the contrary, all representations requiring prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”~~

~~Sections 4 and 14.2 of the Franchise Agreement: Sections 4 and 14.2 of the Franchise Agreement is amended to state:~~

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

~~Section 17 of the Franchise Agreement. Section 17 of the Franchise Agreement is amended to state:~~

~~“This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”~~

5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

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

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

INDIANA

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

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

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

## STATE LAW ADDENDUM—MINNESOTA

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:~~

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.~~6.——~~
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Ffranchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document~~and~~, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:“

Notwithstanding any such termination, and in addition to the obligations of the Ffranchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Ffranchisee nevertheless shall be, continue and remain liable to Ffranchisor for any and all damages which Ffranchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Ffranchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Ffranchisee covenants to pay to Ffranchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Ffranchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement - This Agreement does not constitute a waiver of the Ffranchisee’s right to a trial on any of the above matters.”~~4.——~~

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment,

novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

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



## MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:
  - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
  - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
  - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
  - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
  - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

All representations requiring prospective franchisees to assent to a the release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
6. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
7. Any acknowledgments or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
8. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

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

## MICHIGAN

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. ~~1. — MINN. STAT. SECTION~~ Minnesota Statute 80C.21 and ~~MINNESOTA RULES~~ Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in ~~MINN. Minnesota Statute STAT. CHAPTER~~ 80C-or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. ~~2. —~~ With respect to franchises governed by Minnesota law, the franchisor will comply with ~~MINN. Minnesota Statute STAT. SECTION~~ 80C.14 ~~SUBD~~ Subd. 3-5, which require (except in certain specified cases):
  - (a) ~~(i)~~ that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and
  - (b) ~~(ii)~~ that consent to the transfer of the franchise will not be unreasonably withheld.
3. ~~3. —~~ Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to ~~MINN. Minnesota Statute STAT. SECTION~~ 80C.12 ~~SUBD~~ Subd. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. ~~4. — MINNESOTA RULES~~ Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. ~~5. —~~ The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See ~~MINNESOTA RULES~~ Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
6. ~~6. —~~ The Limitations of Claims section must comply with ~~MINN. Minnesota Statute 80C.17 Subd. STAT. SECTION 80C.17 SUBD. 5.~~
7. ~~7. —~~ NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) ~~waiving~~ any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) ~~disclaiming~~ reliance on

any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

~~8. All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.”~~

~~9. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.~~



Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

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

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

\_\_\_\_\_

## **~~NEW YORK STATE LAW ADDENDUM~~**

## NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR ~~SERVICES~~RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN~~NOT~~ USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

of ~~With the exception of what is stated above, the following applies~~ Disclosure Document:

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

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions~~;~~ other than routine litigation incidental to the business~~;~~ ~~which are~~ that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations~~.~~
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ~~10-ten~~ years ~~period~~ immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise~~;~~ or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law~~;~~ resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or

sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; ~~it being the intent of~~ this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (~~ia~~) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (~~ib~~) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier~~st~~ of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

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

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

\_\_\_\_\_

**~~STATE LAW ADDENDUM~~**

## NORTH DAKOTA

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions~~In recognition of the requirements of the North Dakota Franchise Investment Law shall apply to any franchise or franchisee located in the State of North Dakota, which shall control to the extent of any inconsistency:(the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

### Item 17 of the FDD, Section 11 of the Franchise Agreement.

- ~~1. The c~~ovenants not to compete ~~found in the Franchise Agreement is~~are generally considered unenforceable ~~to~~in the ~~extent that the covenants conflicts with~~State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law.

~~Item 17(ur) of the FDD, Section 17 of~~Disclosure Document and certain provisions in the Franchise Agreement, and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.~~The provisions of the Franchise Agreement requiring consent to arbitration or mediation of disputes to be held outside of North Dakota are unenforceable to the extent that the provision conflicts with North Dakota law.~~

### Item 17(v) of the FDD, Section 16.19 of the Franchise Agreement.

- ~~2.~~
- ~~3.~~ Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
- ~~4. The provisions of the Franchise Agreement~~Provisions requiring ~~consent to the jurisdiction of courts outside of~~in a state other than North Dakota are generally considered unenforceable to ~~in the extent that the provision conflicts with~~State of North Dakota, pursuant to Section 51-19-09 of the North Dakota law.

### Item 17 of the FDD, Section 16.8 of the Franchise Agreement~~Investment Law.~~

- ~~5. The p~~rovisions of the Franchise Agreement requiring that ~~the Franchise Agreement~~agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable to ~~in the extent the provision conflicts with~~State of North Dakota, law.

pursuant to Section 16.12~~51-19-09~~ of the Franchise Agreement.

~~The provision of the Franchise Agreement requiring Franchisee to consent to the waiver of jury trial is unenforceable to the extent the provision conflicts with North Dakota law.~~

### Section 16.12 of the Franchise Agreement~~Investment Law.~~

- ~~6. The p~~rovisions of the Franchise Agreement requiring ~~Franchisee to your~~ consent to ~~a waiver of exemplary and punitive~~liquidated or termination damages are generally considered unenforceable to ~~in~~



~~the extent the provision conflicts with North Dakota law.~~ State of North Dakota, pursuant to Section 51-19-09 of the North Dakota

~~Item 17 of the FDD, Sections 4, 14.2 of the~~ Franchise ~~Agreement~~ Investment Law.

7. ~~The p~~Provisions ~~of the Franchise Agreement~~ requiring ~~that the franchisee~~you to sign a general release upon the renewal of the Ffranchise Agreement ~~are unenforceable to~~have been determined to be unfair, unjust and inequitable within the exintent ~~that it conflicts with~~of Section 51-19-09 of the North Dakota ~~law~~.

~~Item 17 of the FDD, Section 13.1 of the~~ Franchise ~~Agreement~~ Investment Law.

~~The provisions of the Franchise Agreement requiring that the franchisee consent to a liquidated damages clause are unenforceable to the extent that it conflicts with North Dakota law.~~

Section 16.2 of the Franchise Agreement:

~~The provision of the Franchise Agreement that requires the franchisee consent to the limitation of claims is unenforceable to the extent the provision conflicts with North Dakota law.~~

~~All fees payable to us under the terms of the Franchise Agreement are subject to deferral pursuant to order of the State of North Dakota. Accordingly, you shall pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business~~

8. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
9. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
10. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
11. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.
12. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (ia) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (iib) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.~~

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

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

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

\_\_\_\_\_

**~~STATE LAW ADDENDUM-~~**

## RHODE ISLAND

~~The following modifies and supersedes the Franchise Disclosure Document (“FDD”) and Franchise Agreement with respect to franchises offered for sale or sold in the State of Rhode Island, as follows:~~

In recognition of the requirements of the Rhode Island Franchise Investment Act (the “Rhode Island Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. §Section 19-28.1-14 of the Rhode Island Franchise ~~Investment Act~~ Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." ~~Therefore, Item 17v. and 17 w. of the FDD, Section 16.18 of the Franchise Agreement are hereby modified.~~ If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. ~~All other terms and~~ Any provisions ~~s contained~~ in the Franchise Agreement, ~~and FDD shall remain in full force and effect, except to the extent specifically modified herein.~~ that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_

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

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

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

\_\_\_\_\_

## STATE LAW ADDENDUM—VIRGINIA

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

VIRGINIA

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions shall apply to any franchise or franchisee located in the State of Virginia, which shall control to the extent of any inconsistency;~~ In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

~~The following is added to Item 17.h. of the FDD, and corresponding provisions in the Franchise Agreement:~~

1. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

~~Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.~~

~~Patrice Franchising, LLC \_\_\_\_\_ Franchisee: \_\_\_\_\_~~

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

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

~~Title: \_\_\_\_\_ Title: \_\_\_\_\_~~

\_\_\_\_\_



## **~~STATE LAW ADDENDUM—WASHINGTON~~**

~~This Addendum modifies the FDD, Franchise Agreement, and any supplemental or related agreements or other documents related to the sale of a franchise to comply with Washington law. The terms of this Addendum will override any inconsistent provision of the FDD, Franchise Agreement and any supplemental or related agreements or other documents related to the sale of a franchise.~~

~~The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with FRANCHISOR, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with FRANCHISOR, including the areas of termination and renewal of your franchise.~~

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it ~~is~~ shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~C~~chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the Ffranchise Aagreement inor related agreements concerning your relationship with the Ffranchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may that~~ supersede the Ffranchise Aagreement ~~inor related agreements concerning~~ your relationship with the Ffranchisor. Franchise agreement provisions, including those areas of termination and renewal of your franchise, summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Ffranchise Aagreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights ~~executed by a franchisee may not include rights~~in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** ~~Provisions such as those which~~ Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **5.Transfer Fees.** ~~Transfer~~ fees are collectable only to the extent that they reflect the Ffranchisor's reasonable estimated or actual costs in effecting a transfer.
7. **6.Termination by Franchisee.** ~~The franchisee may terminate the franchise agreement under any grounds permitted under state law.~~
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
16. ~~7.As it applies to Washington franchisees:~~**Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- a. ~~Section 2.4 of the Franchise Agreement is hereby revised to remove the first sentence of the second paragraph, which reads: "With regard to any of the above sales, assignments and dispositions described in the above paragraph, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of the Marks (or any variation thereof) and System and/or the loss of association with or identification of 'Patrice & Associate' as a franchisee under this Agreement."~~
  - b. ~~Section 11.4 of the Franchise Agreement is hereby removed in its entirety.~~
  - c. ~~Section 14.1(j) of the Franchise Agreement is hereby removed in its entirety.~~
  - d. ~~Section 15.2 of the Franchise Agreement is hereby revised to clarify that the franchisee's indemnification obligation does not extend to liabilities caused by the Franchisor's acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud.~~
  - e. ~~Section 16.5 of the Franchise Agreement is hereby revised to remove the last sentence, which reads: "Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no~~

liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.”

- f. ~~Section 16.6 of the Franchise Agreement is hereby revised to remove the fourth sentence, which reads: “Franchisee acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the franchised business and not on reliance of or as a result of any representations made by Franchisor’s owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, area representatives, or brokers which are not contained in or are contrary to the terms set forth in this Agreement or of any representation in the Franchise Disclosure Document.”~~
- g. ~~Section 16.12(D) of the Franchise Agreement is hereby removed in its entirety.~~
- h. ~~Section 17.1 of the Franchise Agreement is revised to clarify that the cost of the Mediation, including the mediator’s fee and expenses, shall be paid by the non-prevailing party.~~
- i. ~~Section 17.2 of the Franchise Agreement is revised to clarify that either party may appeal the arbitration award in federal or state court.~~

8. ~~All initial fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the State of Washington. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.~~

9. ~~The following additional risk factor is added to the Special Risks to Consider About *This* Franchise page:–~~

~~“**3. Turnover Rate.** During the last 3 years, a large number of franchised outlets (91) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.~~

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Claims Limitation.** The claims limitation provision in Section 22.6 of the Franchise Agreement does not apply to Washington franchisees.

## WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*

## APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes.

California

Michigan

South Dakota

Hawaii

Minnesota

Virginia

Illinois

New York

Washington

Indiana

North Dakota

Wisconsin

Maryland

Rhode Island

Dated: \_\_\_\_\_, 202\_\_

**FRANCHISOR:** \_\_\_\_\_

Patrice Franchising, LLC

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

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

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

**FRANCHISEE:**

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

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

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

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



**EXHIBIT “D”-2**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

*[See Attached]*

# MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE<sup>1</sup>

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Patrice Franchising, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a PATRICE & ASSOCIATES® franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

<u>Yes</u> <u>No</u>	1.	<u>Have you received from us and personally reviewed the Franchise Agreement together with all of its attachments?</u> <i>[If you answer “no,” please explain in Explanation Section]</i>
<u>Yes</u> <u>No</u>	2.	<u>Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?</u> <i>[If you answer “no,” please explain in Explanation Section]</i>
<u>Yes</u> <u>No</u>	3.	<u>Did you sign a receipt for the FDD indicating the date you received it?</u>
<u>Yes</u> <u>No</u>	4.	<u>Do you understand all the information contained in the FDD and Franchise Agreement?</u> <i>[If you answer “no,” please identify any information you don’t understand in Explanation Section]</i>
<u>Yes</u> <u>No</u>	5.	<u>Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?</u>
<u>Yes</u> <u>No</u>	6.	<u>Did you receive a complete execution copy of the Franchise Agreement, with all material terms filled in, at least seven (7) calendar days before you signed it?</u>
<u>Yes</u> <u>No</u>	7.	<u>Have you reviewed the FDD and Franchise Agreement with a lawyer, accountant or other professional advisor?</u>
<u>Yes</u> <u>No</u>	8.	<u>Have you discussed the benefits and risks of developing and operating a PATRICE &amp; ASSOCIATES® franchise with an existing PATRICE &amp; ASSOCIATES® franchisee?</u>
<u>Yes</u> <u>No</u>	9.	<u>Do you understand the risks of developing and operating a PATRICE &amp; ASSOCIATES® franchise?</u>
<u>Yes</u> <u>No</u>	10.	<u>Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?</u>
<u>Yes</u> <u>No</u>	11.	<u>Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Arizona if not resolved informally or by mediation?</u>
<u>Yes</u> <u>No</u>	12.	<u>Do you understand that the Franchise Agreement and the attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the PATRICE &amp; ASSOCIATES® franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or its attachments will not be binding?</u>

<sup>1</sup> Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

<u>Yes</u> <u>No</u>	13.	Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a PATRICE & ASSOCIATES® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?
		<i>[If you answer "yes," please describe the statement or promise in Explanation Section]</i>
<u>Yes</u> <u>No</u>	14.	Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?
		<i>[If you answer "yes," please describe the statement or promise in Explanation Section]</i>
<u>Yes</u> <u>No</u>	15.	Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a PATRICE & ASSOCIATES® business may generate, other than any information included in Item 19 of the FDD?
		<i>[If you answer "yes," please describe the statement or promise in Explanation Section]</i>

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

<u>Signature of Franchise Applicant</u>	<u>Signature of Franchise Applicant</u>
<u>Name (please print)</u>	<u>Name (please print)</u>
<u>Dated</u>	<u>Dated</u>
<u>Signature of Franchise Applicant</u>	<u>Signature of Franchise Applicant</u>
<u>Name (please print)</u>	<u>Name (please print)</u>
<u>Dated</u>	<u>Dated</u>

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

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**EXHIBIT “D”-3**

**GENERAL RELEASE**

*[See Attached]*

## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Patrice Franchising, LLC, a Delaware limited liability company (“us,” and together with you and Owner, the “Parties”).

### Background

- A. We signed a Franchise Agreement with you, dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a PATRICE & ASSOCIATES® franchise.
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**.
- C. As a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

### Agreement

- 1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
- 2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

**[Section 2 only applies for California franchisees; otherwise it is omitted]**
- 3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

**[Section 3 only applies for Washington franchisees; otherwise it is omitted]**
- 4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Communications with Governmental Authorities. Nothing in this Agreement shall restrict or be deemed to preclude you from disclosing truthful information to governmental authorities in response to any request for information you receive from them.
7. Miscellaneous.
  - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
  - (b) This Agreement shall be construed and governed by the laws of the State of Delaware.
  - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
  - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
  - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
  - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
  - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
  - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**FRANCHISEE:**

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

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

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

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

**FRANCHISE OWNERS:**

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

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

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



## EXHIBIT “D”-4

### FRANCHISE RESALE AGREEMENT

*[See Attached]*

### FRANCHISE RESALE AGREEMENT

This Franchise Resale Agreement (the “Agreement”) is entered into as of [\_\_\_\_\_] , 202[\_\_\_\_\_] (the “Effective Date”) between Patrice Franchising, LLC, a Delaware limited liability company (“we” or “us”) and [\_\_\_\_\_] , a(n) [\_\_\_\_\_] (“you” and together with us, the “Parties”).

#### BACKGROUND

- A. On [\_\_\_\_\_] , 202[\_\_\_\_\_] , the Parties entered into a(n) Patrice & Associates Franchise Agreement (the “Franchise Agreement”), pursuant to which we granted you the right, license and obligation to develop, open and operate a(n) PATRICE & ASSOCIATES® franchise located at [\_\_\_\_\_] , territory number [\_\_\_\_\_] (your “P&A Agency”).
- B. You have notified us that you desire to sell the P&A Agency and you have requested our assistance in effectuating the sale and transfer of the P&A Agency.
- C. We have agreed to assist you in your efforts to sell the P&A Agency subject to the terms and conditions set forth in this Agreement.

#### AGREEMENT

- 1. **Background Recitals.** The statements made in the Recitals above are true and accurate and are incorporated herein.
- 2. **Defined Terms.** Any capitalized term that is not defined herein shall have the meaning ascribed to it in the Franchise Agreement.
- 3. **Term.** The term of this Agreement (the “Term”) begins on the Effective Date and expires on [\_\_\_\_\_] , 202[\_\_\_\_\_] . If the Parties renew the term of the Franchise Agreement, then the Parties may (but need not) renew the Term of this Agreement upon mutually agreeable terms and conditions.
- 4. **Consent to Cease Operations.** We hereby consent to your cessation of operations of your P&A Agency without such actions constituting a default under the Franchise Agreement. This consent applies solely to the cessation of operations and shall not be interpreted as a waiver of any other obligations you may have under the Franchise Agreement.
- 5. **Consent to Sell Franchise Post-Cessation.** Contingent upon your maintaining contact with us via email at least once every thirty (30) days, we hereby consent to allow you to sell your P&A Agency following cessation of operations. Failure to fulfill this communication requirement shall result in our right to terminate this consent and treat your P&A Agency as abandoned.
- 6. **Responsibility for Broker/Referral Fees.** You understand and agree that, notwithstanding the cessation of operations or the sale of your P&A Agency, you remain responsible for the payment of any broker or referral fees due if a lead originates from your territory and is approved by us, resulting in the purchase

of a single unit Franchise. Such fees shall be paid in accordance with the terms and conditions set forth by us or our designated broker/referral partner, as applicable.

7. **Engagement.** You hereby engage us to provide franchise brokerage services during the Term on a non-exclusive basis. We hereby accept the engagement and agree to assist you in your efforts to: (a) locate one or more qualified buyers for your P&A Agency; and (b) sell your P&A Agency to a qualified buyer that we approve as meeting our minimum qualifications and eligibility requirements for a franchisee. You agree that we may offer (and publicly list) your P&A Agency for sale at any price equal to or greater than \$[\_\_\_\_\_].
8. **Sales Assistance.** During the Term, we agree to provide reasonable assistance in connection with your efforts to sell your P&A Agency. We will utilize our current franchise recruiting system and our internal and external franchise sales network (our “Franchise Recruitment Program”) in an effort to identify qualified candidates to purchase your P&A Agency. We shall pre-qualify all leads to ensure they meet our minimum qualifications and eligibility requirements for franchisees. We do not represent or guaranty that our efforts to identify a qualified buyer willing to purchase your P&A Agency will be successful. Under no circumstances will we have any liability to you based on the services we render pursuant to this Agreement.
9. **Your Obligations.** We will expend valuable time and resources attempting to market and sell your P&A Agency. For this reason, you may not refuse any purchase offer that we present to you for a purchase price of at least \$[\_\_\_\_\_]. However, you will have an opportunity to negotiate a higher price after we introduce the potential buyer to you. You agree to cooperate with us in good faith and provide all reasonable assistance and information we request in order to effectuate the purposes of this Agreement and facilitate the sale of your P&A Agency. You agree to promptly provide all potential buyers with full access to your books and records for due diligence purposes. Throughout the Term, you agree to remain in full compliance with all terms of the Franchise Agreement. You understand that all terms in the Franchise Agreement governing transfer of your P&A Agency (including payment of the transfer fee) shall apply to any sale of your P&A Agency notwithstanding the execution of this Agreement.
10. **Purchase Agreement.** We assume no responsibility for preparing or negotiating the asset or stock purchase agreement between you and the buyer. You and the buyer are solely responsible for preparing and negotiating the asset or stock purchase agreement pursuant to which you will transfer ownership of your P&A Agency to the buyer.
11. **Fees and Costs.** If either (a) you sell your P&A Agency to a buyer solicited through our Franchise Recruitment Program or (b) we materially assist you in your efforts to sell your P&A Agency to a buyer solicited by you or an unaffiliated third party, then you agree to pay us the greater of 10% of the purchase price or \$ \_\_\_\_\_ as a broker fee, and \$ \_\_\_\_\_ as a marketing services fee (together, the “Service Fee”). The sales price shall be deemed to include the fair market value of any goods, services or other non-monetary consideration the buyer (or any other person) furnishes to you in full or partial consideration for the purchase of the P&A Agency. You must pay us the Service Fee in one lump sum concurrently with the closing of the sale of your P&A Agency to the buyer. The Service Fee shall be in addition to: (a) any transfer fee imposed under the Franchise Agreement which total \$ \_\_\_\_\_.
12. **Indemnification.** Your indemnification obligation under the Franchise Agreement shall extend to and apply with respect to any damages we incur as a result of or in connection with: (a) your breach of this Agreement; or (b) your discussions, negotiations or relationship with potential buyers solicited through the Franchise Recruitment Program, including your breach of any agreement between you and such buyer.
13. **No Liability.** You hereby agree to hold harmless, and not assert any claims against, us, our affiliates, any of our (or our affiliates’) owners, officers, employees or other representatives, or any member of our

Franchise Recruitment Program, in connection with any dispute or disagreement between you and any prospective or actual buyer of your P&A Agency.

14. **Default & Termination.** If you breach any obligation under this Agreement and fail to cure the breach within 10 days after notice from us, we may immediately terminate this Agreement upon notice to you and pursue any and all remedies available to us under this Agreement, the Franchise Agreement, at law or in equity. Your default under this Agreement constitutes a default under the Franchise Agreement. Similarly, your default under the Franchise Agreement constitutes a default under this Agreement.
15. **Effect of Expiration or Termination.** Upon expiration of the Term, we have no further responsibility or obligation to assist you with the sale of your P&A Agency unless otherwise agreed to by both Parties in writing. If, following the expiration or termination of this Agreement, you sell your P&A Agency to any person: (a) who was initially solicited through our Franchise Recruitment Program during the Term of this Agreement; and/or (b) with respect to whom we provided material assistance in connection with your sales efforts during the Term of this Agreement, then you agree to pay us the Service Fee in \$11 notwithstanding the prior termination or expiration of this Agreement.
16. **Miscellaneous.**
  - (a) No Waiver. By executing this Agreement, we shall not be deemed to have: (a) waived or impaired any right, power or option granted to us under the Franchise Agreement; or (b) waived or consented to any default or breach by you under the Franchise Agreement.
  - (b) Effect on Franchise Agreement. All terms, conditions, covenants and representations set forth in the Franchise Agreement shall remain in full force and effect during the Term of this Agreement.
  - (c) Binding Nature. This Agreement shall be binding upon the Parties hereto and their respective heirs, personal representatives, successors and assigns.
  - (d) Time of Essence. Time is of the essence in this Agreement and every term thereof.
  - (e) Headings. The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof.
  - (f) Governing Law. This Agreement shall be governed by, construed and enforced under the laws of the State of Delaware.
  - (g) Dispute Resolution. Any dispute between the Parties relating to this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the Franchise Agreement, all of which are incorporated herein by this reference.
  - (h) Entire Agreement; Modification. This Agreement constitutes the entire agreement and understanding between the Parties regarding the subject matter hereof. This Agreement may not be modified except in a writing signed by both Parties.
  - (i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document.

~~The undersigned does hereby acknowledge receipt of this addendum~~The Parties have executed this Agreement effective as of the Effective Date first above written.

**[SIGNATURE PAGE TO FOLLOW]“FRANCHISOR”**

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Patrice Franchising, LLC ~~Franchisee:~~ \_\_\_\_\_

By:- \_\_\_\_\_ ~~By:~~ - \_\_\_\_\_

~~Name:~~ Name: \_\_\_\_\_ - \_\_\_\_\_

Title:- \_\_\_\_\_

**“FRANCHISEE”**

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

By: ~~Title:~~ \_\_\_\_\_

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

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

EXHIBIT "E"~~EXHIBIT C~~

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~~OF CONFIDENTIAL OPERATIONS MANUAL~~TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

*[See Attached]*

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EXHIBIT "F"~~EXHIBIT D~~  
~~AUDITED FINANCIAL STATEMENTS~~

**~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~** [TO DISCLOSURE DOCUMENT](#)

**Patrice and Associates**  
**Balance Sheet**  
As of November 30, 2024

	Total
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
BOK Financial - 4945	\$ 287,394.68
BOK Financial 4934	\$ 12,633.36
Total Bank Accounts	\$ 300,028.04
Accounts Receivable	
Accounts Receivable (A/R)	\$ 351,683.00
Total Accounts Receivable	\$ 351,683.00
Other Current Assets	
Allowance for Bad Debts	\$ (6,612.00)
Deferred Cost	\$ 2,664,081.67
Insurance Deposit	\$ 4,423.25
Prepaid expenses	\$ 15,643.57
Total Other Current Assets	\$ 2,677,536.49
Total Current Assets	\$ 3,329,247.53
Other Assets	
Deferred Cost - L/T	\$ 2,478,572.73
Intercompany - Patrice Holdings	\$ 2,154,110.11
Goodwill	\$ 4,568,043.57
Goodwill - Accumulated Amortization	\$ (612,648.41)
Total Goodwill (Net of Accum Amort)	\$ 3,955,395.16
Total Other Assets	\$ 8,588,078.00
<b>TOTAL ASSETS</b>	<b>\$ 11,917,325.53</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	\$ 466,494.79
Total Accounts Payable	\$ 466,494.79
Credit Cards	
American Express	
American Express - CD	\$ 11,406.00
Total American Express	\$ 11,406.00
BOK Credit Card	\$ 1,530.00
Total Credit Cards	\$ 12,936.00
Other Current Liabilities	
Accrued Accounts Payable (A/P)	\$ 2,600.00
Accrued Payroll	\$ 18,634.93

Accrued Payroll Taxes	\$	1,043.14
Accrued Zee/RD Payout	\$	462,481.27
Deferred Revenue	\$	3,601,382.40
Notes Payable (S/T)	\$	12,737.29
Retainer Payable	\$	62,125.00
Vacation Accrual	\$	18,835.09
Total Other Current Liabilities	\$	4,179,839.12
Total Current Liabilities	\$	4,659,269.91
Long-Term Liabilities		
Deferred Revenue - L/T	\$	3,182,379.78
Intercompany - Patrice Franchising	\$	2,154,110.11
Notes Payable (L/T)	\$	1,716,493.56
Total Long-Term Liabilities	\$	7,052,983.45
Total Liabilities	\$	11,712,253.36
Equity		
Capital Contribution	\$	1,800,000.00
Retained Earnings	\$	(611,118.87)
Net Income	\$	(983,808.96)
Total Equity	\$	205,072.17
TOTAL LIABILITIES AND EQUITY	\$	11,917,325.53

# **P&A Consolidated Profit and Loss**

January - November, 2024

	Total
Income	
Franchise Sales Fee	\$ 1,534,000.00
Microsite Fee	\$ 168,000.00
Placement Fee	\$ 4,680,601.00
Retained Services Fee	\$ 102,000.00
Retainer Fee	\$ 5,000.00
Starter Kit Fee	\$ 62,000.00
Technology Fees	\$ 344,435.00
Training Fee	\$ 168,000.00
Total Income	<b>\$ 7,064,036.00</b>
Cost of Goods Sold	
Broker Fee	\$ 639,000.00
CCG Franchise Sales Commission	\$ 351,000.00
Placement Fee (Zee/RD)	\$ 3,470,509.07
Placement Fee Chargeback	\$ 536,666.00
RD Commission	\$ 177,840.00
Sales Commission	\$ 147,800.00
Starter Kit Expense	\$ 30,829.99
Training Fee Expense	\$ 133,000.00
Total Cost of Goods Sold	<b>\$ 5,486,645.06</b>
Gross Profit	<b>\$ 1,577,390.94</b>
Expenses	
Advertising & marketing	
Franchise Leads	\$ 41,227.17
Marketing	\$ 49,410.40
Press Release	\$ 1,706.04
Social media	\$ 19,843.36
Website	\$ 172,192.32
Total Advertising & marketing	<b>\$ 284,379.29</b>
Conference & Trade Shows	\$ 13,199.00
Employee benefits	
Health & accident plans	\$ 93,975.18
Worker's compensation insurance	\$ 858.75
Total Employee benefits	<b>\$ 94,833.93</b>
Interest Paid	\$ 132,562.59
General business expenses	
Bad Debt	\$ 12,712.50
Bank fees & service charges	\$ 3,530.38
Business & Filing Fees	\$ 6,406.64



Continuing education	\$ 248.50
Exchange Rate Variance	\$ 257.00
Memberships & subscriptions	\$ 7,198.35
Merchant account fees	\$ 9,243.33
Total General business expenses	<u>\$ 39,596.70</u>
Insurance	
Business insurance	\$ 19,320.03
Total Insurance	<u>\$ 19,320.03</u>
Office expenses	
Computers & Equipment	\$ 2,301.34
Office supplies	\$ 14.97
Shipping & postage	\$ 1,180.69
Software & apps	\$ 47,370.53
Total Office expenses	<u>\$ 50,867.53</u>
Payroll expenses	
Contract Labor	\$ 141,331.36
Payroll Processing Fee	\$ 7,572.70
Payroll taxes	\$ 56,340.03
Salaries & Wages	\$ 601,725.68
Training Expense	\$ 151,261.25
Severance	\$ 5,000.00
Total Payroll expenses	<u>\$ 963,231.02</u>
Professional Fees	
Accounting fees	\$ 12,895.15
CCG Management Fee	\$ 100,596.15
Franchise Development Fee	\$ 68,750.00
Legal fees	\$ 49,619.61
Professional Fees	\$ 6,400.00
Total Professional Fees	<u>\$ 238,260.91</u>
Taxes paid	\$ 2,670.00
Technology Fee Expense	\$ 1,626.60
Travel	
Airfare	\$ 2,879.01
Hotels	\$ 3,708.12
Mileage	\$ 1,142.72
Parking & tolls	\$ 182.00
Taxis or shared rides	\$ 1,024.64
Travel Individual Meals	\$ 151.99
Travel Meals with Clients	\$ 291.90
Total Travel	<u>\$ 9,380.38</u>
Rent & Lease	\$ 15,400.00
Utilities	
Phone service	\$ 400.00
Total Utilities	<u>\$ 400.00</u>

Total Expenses	\$ 1,865,727.98
Net Operating Income	\$ (231,488.16)
Other Expenses	
Amortization Expense	\$ 279,158.22
Total Other Expenses	\$ 279,158.22
Other Income	
Other income	\$ 11,333.33
Net Other Income	\$ (279,158.22)
Net Income	\$ (556,161.93)
Addbacks:	
Amortization Expense	\$ 279,158.22
CCG Management Fee	\$ 100,596.15
CCG Fran Dev Fee	\$ 68,750.00
CCG Franchise Sales Commission	\$ 351,000.00
CCG Support	\$ 140,558.86
Seller Carryback (\$2M @ 8% Interest, 10 yr)	\$ 132,256.47
Total Add Backs	\$ 1,072,319.70
EBITDA (Adjusted)	\$ 516,157.77

**PATRICE FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**PATRICE FRANCHISING, LLC**

Financial Statements

December 31, 2023 and 2022

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Independent Auditors' Report

To the Managing Member of  
Patrice Franchising, LLC:

**Opinion**

We have audited the accompanying financial statements of Patrice Franchising, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and member's equity (deficit), and cash flows for the year ended December 31, 2023 and for the period from December 3, 2022 (inception) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patrice Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and for the period from December 3, 2022 (inception) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Patrice Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Patrice Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Phone: 561-995-0064 • Fax: 561-995-7551 • [www.LerroSarbey.com](http://www.LerroSarbey.com)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Patrice Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Patrice Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lero Sabey, PLLC*

April 29, 2024

**PATRICE FRANCHISING, LLC**

## Balance Sheets

December 31, 2023 and 2022

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Current assets:		
Cash	\$ 287,213	\$ 136,000
Receivables, less allowance for doubtful accounts	437,308	1,110,989
Prepaid expenses	37,468	17,692
Deferred franchise costs, current	<u>1,314,574</u>	<u>1,101,031</u>
Total current assets	2,076,563	2,365,712
Due from related party	1,599,755	2,057,110
Deferred franchise costs, noncurrent	<u>2,478,573</u>	<u>1,904,170</u>
Total assets	<u>\$ 6,154,891</u>	<u>\$ 6,326,992</u>
<b>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 296,540	\$ 708,201
Accrued commissions	63,158	781,856
Retainer contract liability	93,375	38,730
Replacement credits contract liability	259,124	239,000
Deferred revenue, current	<u>1,823,881</u>	<u>1,668,562</u>
Total current liabilities	2,536,078	3,436,349
Deferred revenue, noncurrent	<u>3,182,379</u>	<u>2,962,281</u>
Total liabilities	5,718,457	6,398,630
Member's equity (deficit)	<u>436,434</u>	<u>(71,638)</u>
Total liabilities and member's equity (deficit)	<u>\$ 6,154,891</u>	<u>\$ 6,326,992</u>

See accompanying notes and independent auditors' report.



**PATRICE FRANCHISING, LLC**

Statements of Income and Member's Equity (Deficit)

For the Year Ended December 31, 2023 and  
the Period from December 3, 2022 (inception) through December 31, 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ 9,256,878	\$ 584,644
Operating expenses:		
Direct expenses	6,989,998	366,575
Selling, general and administrative expenses	<u>1,758,808</u>	<u>289,707</u>
Total operating expenses	<u>8,748,806</u>	<u>656,282</u>
Net income	\$ 508,072	\$ (71,638)
Member's equity (deficit):		
Beginning of year	<u>(71,638)</u>	<u>-</u>
End of year	<u>\$ 436,434</u>	<u>\$ (71,638)</u>

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

## Statements of Cash Flows

For the Year Ended December 31, 2023 and  
the Period from December 3, 2022 (inception) through December 31, 2022

	2023	2022
<b>Operating activities:</b>		
Net income (loss)	\$ 508,072	\$ (71,638)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for bad debt	196,543	142,349
Change in operating assets and liabilities:		
Receivables	477,138	(1,253,338)
Prepaid expenses	(19,776)	(17,692)
Deferred franchise costs	(787,946)	(3,005,201)
Accounts payable and accrued expenses	(1,055,590)	1,767,787
Deferred revenue	375,417	4,630,843
Net cash provided by (used in) operating activities	(306,142)	2,193,110
<b>Financing activities:</b>		
Repayments from (advances to) related party, net	457,355	(2,057,110)
Net cash provided by (used in) financing activities	457,355	(2,057,110)
<b>Net increase in cash</b>	151,213	136,000
Cash, beginning of period	136,000	-
Cash, end of period	<u>\$ 287,213</u>	<u>\$ 136,000</u>

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**1. Nature of Business**

Patrice Franchising, LLC (the "Company") was formed under the laws of the State of Delaware on August 15, 2022 for the purpose of operating a recruiting business specializing in retaining candidates for the food and beverage and hospitality industries, as well as other industries, under a franchise business model. Operations commenced on December 3, 2022 (inception) following the execution of the December 2, 2022 subscription and contribution agreement discussed in Note 6.

**2. Summary of Significant Accounting Policies**

**Basis of accounting:**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Use of estimates:**

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results could differ from those estimates.

**Cash:**

Cash is maintained in immediately withdrawable accounts. At December 31, 2023, deposits with banks exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limit by approximately \$41,000. The Company does not anticipate any losses in such accounts.

**Receivables:**

Receivables are primarily derived from placement fees, franchise fees, transfer and other fees and are carried at original invoice less an estimate made for doubtful accounts based on management's best estimate of probable losses inherent in the receivables balance. Management determines any allowance for doubtful accounts by regularly evaluating specific customer account activity. Receivables are written off when deemed uncollectible. The allowance for doubtful accounts was \$78,543 at December 31, 2023. There was no allowance for doubtful accounts at December 31, 2022.

**Revenue recognition and contract assets and liabilities:**

Revenues are comprised of placement fees, franchise revenue, technology fees and other fees. Franchise revenue is primarily derived from franchise fees, transfer fees, training fees, microsite set up fees, starter kit sales and advertising funds.

Revenues for the year ended December 31, 2023 and the period from December 3, 2022 (inception) through December 31, 2022 are included in the accompanying Statements of income and member's equity (deficit), as follows:

	2023	2022
Placement Fees	\$ 6,484,143	\$ 355,350
Franchise fees	2,509,661	201,936
Technology fees	258,049	17,358
Other fees	5,025	10,000
	<u>\$ 9,256,878</u>	<u>\$ 584,644</u>

(continued)

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

Revenue recognition and contract assets and liabilities (continued):

Placement fees are generated from the provision of recruiting services, and are recorded at a point in time, when all services or conditions relating to the performance obligation have been substantially performed or satisfied, generally at the time of billing. Management believes the Company is the principal in the generation of placement fees, as the contract with the hiring entity is directly with the Company, who is responsible for ensuring the transfer of services.

Franchise fees include fees attributable to pre-opening services. The Company has made a policy election under Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), to account for pre-opening services as a single performance obligation distinct from the franchise license. Pre-opening services include assistance with the determination of the franchise territory, training of the franchisee and franchisee personnel, set up and launch of microsite, preparation and distribution of operating manuals and materials, information technology and advisory services and quality control program. The Company used the fair value approach to determine the stand-alone selling price for the pre-opening service performance obligation. Revenue earned from pre-opening services is recorded at a point in time, when all material, services or conditions relating to pre-opening services have been substantially performed or satisfied by the Company or its regional director, generally within 30 days of signing. The Company considers the remaining franchise fee revenue associated with the franchise license to be earned over time and is recognized on a straight-line basis over the term of the agreement from the time of signing.

Transfer fees are recognized over the term of the agreement from the date of transfer.

Franchise fees are payable by the franchisee upon the signing of the franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to another franchisee.

Receipts and expenditures related to market fund activities, which benefit the brand the franchisees operate under, are considered by management to be highly interrelated with the franchise right and therefore not considered distinct. As a result, revenues for the market fund are recognized as revenue as they are billed. Expenses incurred to provide brand building services are recognized when incurred.

Separate performance obligations for technology and other services are accounted for over time as the performance obligations are satisfied, generally concurrent with the time of billing.

For the year ended December 31, 2023 and the period from December 3, 2022 (inception) through December 31, 2022, approximately 70% and 61%, respectively, of revenues were recognized at a point in time, versus over time.

(continued)

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**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

Revenue recognition and contract assets and liabilities (continued):

The Company incurs incremental costs in the course of obtaining franchise agreements. Such costs are capitalized and recognized as expense on a straight-line basis over the term of the related franchise agreement. The resulting contract assets at December 31, 2023 and 2022 are \$3,793,147 and \$3,005,201, respectively, reported as Deferred franchise costs in the accompanying Balance sheets.

Advertising:

Advertising costs include website and social media advertising, promotional expenses, trade shows and other advertising programs and are expensed as incurred. Advertising expense approximated \$438,000 for the year ended December 31, 2023 and \$33,000 for the period from December 3, 2022 (inception) through December 31, 2022, and is included in General and administrative expenses in the accompanying Statements of Income and member's equity (deficit).

Income taxes:

The Company is a limited liability company taxed as a partnership and its income or loss is allocated to its members in accordance with their respective ownership percentage. Such members are generally responsible for income taxes related thereto and, accordingly, no income tax related accounts are recorded in the Company's financial statements.

The Company has evaluated its tax positions and any estimates utilized in its tax returns and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements.

Subsequent events:

Subsequent events were evaluated through April 29, 2024, which is the date the financial statements were available to be issued.

**3. Fair Value Measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels (with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3):

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(continued)

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**3. Fair Value Measurements** (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash, receivables, accounts payable and accrued expenses, and accrued commissions: These financial instruments represent Level 1 inputs as the carrying amounts at face value approximate fair value because of the short maturity of these instruments.

**4. Contract Liabilities**

Contract liabilities at December 31, 2023 and 2022 are included in the accompanying Balance sheets as follows:

	2023	2022
Deferred revenue	\$ 5,006,260	\$ 4,630,843
Retainer contract liability	93,375	38,730
Replacement credits contract liability	259,124	239,000
Total contract liabilities	<u>\$ 5,358,759</u>	<u>\$ 4,908,573</u>

**5. Related Party Transactions**

Patrice Holdings, Inc. ("Holdings"), the Company's sole member, provides brand and marketing services to the Company, for which the Company was charged \$75,000 during 2023. In addition, Holdings paid approximately \$485,000 in personnel costs on behalf of the Company in 2023, which are included in General and administrative expenses in the accompanying Statement of income and member's equity (deficit).

For the year ended December 31, 2023 and the period from December 3, 2022 (inception) through December 31, 2022, the Company incurred \$561,250 and \$14,500, respectively, in commissions on new franchise sales to a related party.

**6. Subscription and Contribution Agreement**

In connection with the execution of the December 2, 2022 subscription and contribution agreement (the "SCA") between Patrice & Associates Franchising, Inc. and Patrice & Associates, Inc. (collectively, "Patrice") and Holdings, substantially all assets and liabilities of Patrice were contributed to Holdings. Concurrently, Holdings allocated approximately \$67,000 in net assets to the Company as of December 2, 2022, which management believes represents the fair value of allocated assets and liabilities on such date. In connection with the execution of the SCA, Holdings issued a promissory note to Patrice for a total of \$2,000,000, the liability for which is recorded on the balance sheet of Holdings at December 31, 2023.

**7. Risks and Uncertainties**

The Company monitors and seeks to minimize potential adverse effects of the Company's risk exposures, which are reviewed periodically for changes in market conditions and the Company's operations.

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, management believes the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

# EXHIBIT E

## LIST OF FRANCHISEES

### Part A (Current Franchisees)

As of February 29, 2024, the following table lists franchisees that were open as of December 31, 2024.

FRANCHISEES OPEN AS OF DECEMBER 31, 2024						
First Name	Last Name	Address	City	State	Zip	Phone
AL	Pinson	6280 Walnut Drive				205-52
R-Vann	Wilhite	1439 Greystone Dr. Drive	Tuscaloosa	Alabama	35406	205-31
Colleen	Casey	11028 N. Valley Drive	Fountain Hills	Arizona	85268	908-40
Sabrina / Leigh Anne	Demetriades	9962 E. Desert Jewel Drive	Scottsdale	Arizona	85255	(480)-3
John	Gillen	9252 E. Aster Drive	Scottsdale	Arizona	85260	(626)-5
Matthew / Sarah	Johns	4125 E Keresan Street	Phoenix	Arizona	85044	602-53
Afshin	Ardalan	480 Evergreen Place	North Vancouver	British Columbia	V7N 2Z2	604-7248
Anthony	Bucklen	615 Healdsburg Ave. #405	Santa Rosa	California	95401	813-967
Dustin	Chappel	394 Travers Drive, S	Madera	California	93637	559-61
Heather	Haas	15609 Borges Ct	Moorpark	California	93021	815-97
Yoichi Austin	Hasegawa Jiang	176 Pathway 5463 E Laurite Avenue	Irvine Fresno	California California	92618 93727	310-999 415-624
Gary	Kinsinger	2636 32nd St	Santa Monica	California	90405	310-99
Leah	Licea	3316 Fallen Oak CT	Modesto	California	95355	408-49
Matthew / Aida	Lopez	112 Brookmead Ct	San Anselmo	California	94460	415-52
Sheela	Mohan Peterson	970 Cherry Ave	San Jose	California	95126	408-89
Karen	Weber	4510 Cabrillo Way	Sacramento	California	95820	206-61
CANADA	Burlington	1141 Cooke Blvd				905-33
CANADA	North Vancouver	480 Evergreen Place				604-72



**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Ph</b>
<u>CANADA</u>	<u>Kitchener Ontario</u>	<u>2-410 Pioneer Drive</u>				<u>519-72</u>
<u>CANADA</u>	<u>Toronto Ontario</u>	<u>3817 Bloor Street West</u>				<u>+974 66</u>
<u>CO</u>	<u>Colorado Springs</u>	<u>7015 Big Timber Drive</u>				<u>970-61</u>
<del>Carlie</del> <u>CO</u>	<del>Knauer</del> <u>Vail</u>	P.O. Box 1392	<del>Vail</del>	<del>Colorado</del>	<del>81658</del>	970-39
<u>CO</u>	<u>Johnstown</u>	<u>343 Celtic Road</u>				<u>970-88</u>
<del>Greg</del> <u>CO</u>	<del>Matchett</del> <u>Arvada</u>	6977 Dudley Dr	<del>Arvada</del>	<del>Colorado</del>	<del>80004</del>	303-91
<del>Daniel</del> <u>CO</u>	<del>O'Neil</del> <u>Littleton</u>	<del>31638 Gallery Lane</del> <u>11146 W. Glasgow Ave</u>	<del>Evergreen</del>	<del>Colorado</del>	<del>80439</del>	<del>602-</del> <u>7498720</u>
<del>Mimie</del> <u>CO</u>	<del>Yang</del> <u>Thornton</u>	14552 Race Street	<del>Thornton</del>	<del>Colorado</del>	<del>80602</del>	<del>(303)-</del> <u>8</u>
<del>Curtis</del>	<del>Harbour</del>	<del>18 Cole Lane</del>	<del>Bethel</del>	<del>Connecticut</del>	<del>06801</del>	<del>805-732</del>
<del>Elizabeth</del> <u>CT</u>	<del>Costa</del> <u>Tolland</u>	54 Josiah Lane	<del>Tolland</del>	<del>Connecticut</del>	<del>6084</del>	860-91
<del>Jase /</del> <del>Melissa</del> <u>CT</u>	<del>Doane</del> <u>East Hampton</u>	95 Main Street	<del>East Hampton</del>	<del>Connecticut</del>	<del>6424</del>	860-57
<u>CT</u>	<u>Shelton</u>	<u>21 Rivendell Drive</u>				<u>203-95</u>
<del>David</del> <u>CT</u>	<del>Evens</del> <u>Canton</u>	30 Canton Springs Road, PO Box 134	<del>Canton</del>	<del>Connecticut</del>	<del>6019</del>	<del>(860)-</del> <u>6</u>
<u>CT</u>	<u>Behtel</u>	<u>18 Cole Lane</u>				<u>805-73</u>
<del>Ed</del> <u>CT</u>	<del>Liedke</del> <u>Newington</u>	205 Harding Ave	<del>Newington</del>	<del>Connecticut</del>	<del>6111</del>	<del>(860)-</del> <u>3</u>
<del>Laura</del> <u>CT</u>	<del>Murfin</del> <u>Lisbon</u>	163 Mell Rd	<del>Lisbon</del>	<del>Connecticut</del>	<del>6351</del>	<del>(843)-</del> <u>3</u>
<u>DC</u>	<u>Potomac</u>	<u>8311 Larkmeade Terrace</u>				<u>571-27</u>
<u>DC</u>	<u>Alexandria</u>	<u>6123 Algona Ct</u>				<u>571-83</u>
<u>DE</u>	<u>Lewes</u>	<u>33093 Cedarwood Lane</u>				<u>302-36</u>
<del>Janice</del> <u>DE</u>	<del>Martin</del> <u>Earleville</u>	<del>22561 Grebe Lane</del> <u>55 Maine Ave</u>	<del>Ocean View</del>	<del>Delaware</del>	<del>19970</del>	<del>410-97</del> <del>925-</del>
<del>Dionne</del>	<del>Spriggens</del>	<del>9 E. Looekerman Street</del>	<del>Dover</del>	<del>Delaware</del>	<del>19901</del>	<del>240-421</del>
<del>Adam</del> <u>FL</u>	<del>Badurek</del> <u>Sarasota</u>	2721 Marlette Street	<del>Sarasota</del>	<del>Florida</del>	<del>34231</del>	<del>(561)-</del> <u>6</u>

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Frederick/ Tiffany Davis	Baer	15 Kenmore Ave	Ponte Vedra	Florida	32081	(608)-62
ChristopherFL	Bousquet Fort Meyers	13867 Hunter Oak Drive	Fort Myers	Florida	33913	347-67
FL	Orlando	4142 Cypress Glades Lane				201-95
EricFL	Coultoff Eric/Lisa Winter Garden	1413 Portmoor Way	Winter Garden	Florida	34787	321-21
Christopher Jodi	Elmes Furraitti	1498 SW 9 Street 3824 SW 20th Ave	Boca Raton Cape Coral	Florida Florida	33486 33914	646-705 248-736
TimFL	Gates Daytona Beach	15 Whistling Duck Court	Daytona Beach	Florida	32119	386-26
Linwood/ KathyFL	Helfand Tarpon Springs	1506 Ember Lane	Tarpon Springs	Florida	34689	727-66
Yogesh/ Pradnya	Khadilkar / Kulkarni	18115 Ramble on Way	Land 'O Lakes	Florida	34638	(847)-63
JacquelineFL	Kleinau Boca Raton	11496 Whisper Sound Drive	Boca Raton	Florida	33428	561-43
David/ ChrisFL	Kohlasch Loxahatchee	1336 Wandering Willow Way	Loxahatchee	Florida	33470	571-29
FL	Land O' Lakes	18115 Ramble on Way				847-63
ScottFL	Philip West Palm Beach	14411 65th Way N	West Palm Beach	Florida	33418	561-63
SoniaFL	Postema Jacksonville	2021 Traymore Rd	Jacksonville	Florida	32207	(614)-2
RafaelFL	Saray Miami	7630 NW 25th Street	Miami	Florida	33127	+57 320
MathewFL	Smit Naples	295A 8th Ave. S	Naples	Florida	34102	239-30
GaryFL	Valerio Palmetto	751 10th Street East, Unit #120	Palmetto	Florida	34221	941-28
Marcus	Williams	108 Broad Way	Ponte Vedra Beach	Florida	32082	(908)-35
AlexFL	Yost Tampa	7507 N. 12th St	Tampa	Florida	33604	480-51
KevinGA	Bennett Norcross	4299 Old Bridge Lane Northwest	Norcross	Georgia	30092	678-55
KimberlyGA	Briggs Dunwoody	4333 Dunwoody Park, # 3102	Dunwoody	Georgia	30338	678-77

FRANCHISEES OPEN AS OF DECEMBER 31, 2024

<b>First Name</b> <u>State</u>	<b>Last Name</b> <u>City</u>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
<del>Mercedes</del> <u>GA</u>	<del>Concepcion-Gray</del> <u>Marietta</u>	4002 Edgewood Ct.	Marietta	Georgia	30068	770-50
<del>Kurt</del> <u>GA</u>	<del>Dean</del> <u>Woodstock</u>	1048 Avery Creek Drive	Woodstock	Georgia	30188	678-57
<del>Matthew</del> <u>GA</u>	<del>DeWalt</del> <u>Cartersville</u>	56 Peppermill Dr SW	Cartersville	Georgia	30120	610-34
<del>James</del> <u>GA</u>	<del>Gray</del> <u>Brookhaven</u>	<del>4002 Edgewood Ct</del> <u>1251 Club Walk Dr NE</u>	Marietta	Georgia	30068	<del>678-2322</del> <u>404</u>
<u>GA</u>	<u>Austell</u>	<u>2100 Hydrangea Lane</u>				<u>770-84</u>
<del>Mitch</del> <u>GA</u>	<del>Rushing</del> <u>Snellville</u>	<del>350 Allendale Dr. SE</del> <u>4032 Concourse Trail</u>	Atlanta	Georgia	30317	<del>(864) 9169</del> <u>678</u>
<del>Eric</del>	<del>Wright</del>	<del>4032 Concourse Trail</del>	Snellville	Georgia	30039	<del>678-852</del>
<del>Mareel &amp; Nioelle</del> <u>HI</u>	<del>Bekers</del> <u>Honolulu</u>	1189 Waimanu Street, #3304	Honolulu	Hawaii	96814	<del>(808)-7</del>
<u>ID</u>	<u>Glenbrook</u>	<u>PO Box 481</u>				<u>203-53</u>
<del>Julia</del> <u>IL</u>	<del>Blair</del> <u>Lombard</u>	2720 South Highland Ave #762	Lombard	Illinois	60148	815-21
<del>Tim / Sherry</del>	<del>Keith</del>	<del>2130 Hidden Creek St</del>	St Jacob	Illinois	62281	<del>618-616</del>
<del>Helen</del> <u>IL</u>	<del>Nourai</del> <u>Elk Grove Village</u>	655 Perrie Drive Unit 205	Elk Grove Village	Illinois	60007	847-36
<del>William</del> <u>IL</u>	<del>Small</del> <u>Aurora</u>	1219 Birchdale Lane	Aurora	Illinois	60504	<del>(630)-2</del>
<u>IL</u>	<u>Crete</u>	<u>3551 S State St</u>				<u>917-37</u>
<del>Susan / Maria</del> <u>IL</u>	<del>Van Kley</del> <u>Roscoe</u>	<del>3551 S State St</del> <u>5924 Wainwright Ct</u>	Crete	Illinois		<del>917374</del> <u>367-</u>
<del>Maria</del> <u>IN</u>	<del>Vazquez</del> <u>Carmel</u>	<del>5924 Wainwright Ct</del> <u>4433 Wentz Drive</u>	Roscoe	Illinois	61073	<del>787-5683</del> <u>317</u>
<del>Mike</del> <u>IN</u>	<del>Cinamon</del> <u>Carmel</u>	<del>4433 Wentz</del> <u>14075 Knightstown Drive East</u>	Carmel	Indiana	46033	<del>317-3886</del> <u>773</u>
<del>William</del> <u>IN</u>	<del>Comerford</del> <u>Indianapolis</u>	<del>14075 Knightstown Drive East</del> <u>7914 Cork Bend Lane</u>	Carmel	Indiana	46033	<del>773-9698</del> <u>317</u>

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Ed/ PriscillaIN	CurryIndianapolis	7914 Cork Bend10849 Tournament Lane	Indianapolis	Indiana	46239	(317) 0356513
MarkKS	RubiekWichita	10849 Tournament Lane 12522 W Binter Court	Indianapolis	Indiana	46229	513- 6325316
Jeremy Laura	Frisbey Westemeyer	1776 Enid Ave 4696 Oak Crest Hill Road	Evansdale Iowa City	Iowa Iowa	50707 52240	757-641 319-466
Gregory/ SaraKS	ReadErie	12522 W BINTER COURT14905 120th Road	Wichita	Kansas	67235	31672 9480
Kent / Gail & Jess Moran MountsKY	SieckmanAshland	14905 120th road1641 Maryland Parkway	Erie	Kansas	66733	720- 4009606
EricaKY	BerryCrestwood	1641 Maryland Parkway7501 Turner Ridge Road	Ashland	Kentucky	41101	606- 4602502
DavidKY	BrownParis	7501 Turner Ridge Road326 Redmon Rd	Crestwood	Kentucky	40014	(502) 8982859
DarrellLA	CarlsonMadisonville	326 Redmon Rd428 Blue Heron Ln	Paris	Kentucky	40361	(859) 1979760
Scott Milton	Meyer Sallee	1342 Lismore Ct 9328 Community Cove Way	Independence Louisville	Kentucky Kentucky	41051 40229	(859)-99 502-365
R. WhitneyLA	DavisLafayette	428 Blue Heron Ln917 Rosedown Lane	Madisonville	Louisiana	70447	760- 5245337
MA	Newton	217 Adams St				617-54
MA	Billerica	19 Meadowbank Road				978-66
MA	Dorchester	68 Bird Street				617-27
MA	Revere	1510 N. Shore Rd				310-43
MA	Littleton	264 King Street				413-88
MA	Lawrence	300 Canal Street, Unit 8404				781-35
BruceMD	LeiningerHanover	917 Rosedown Lane7501 Trafalgar Circle	Lafayette	Louisiana	70503	337- 6920404
QuianaMD	BillsReisterstown	7501 Trafalgar Circle11 Worthington Ridge Court	Hanover	Maryland	21076	(404) 1579860

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Ph</b>
Robert / Ceelila	Gayhardt	9010 Lodi Road	Nottingham	Maryland	21236	(443) 60
Steve	Hankins	114 Greenwich Dr	Walkersville	Maryland	21793	301-335
SusanMD	Herskovitz Randallstown	<del>11 Worthington</del> Ridge Court9039 Allenswood Road	Reisterstown	Maryland	21136	(860) 6233443
Shawn	Hoye	55 Maine Ave	Earleville	Maryland	21919	410-925
Michael / ArielMD	HuntPasadena	9039 Allenswood Road189 11th St	RANDALLSTOWN	Maryland		1443799 366-
Brian	Martin	730 Lazy Creek Lane	Huntingtown	Maryland	20639	240-300
Patricia	Mayorca	8311 Larkmeade Terrace	Potomac	Maryland	20854	571-276
Hamoon	Piroozmand	11870 Grand Park Ave Apt 1218	Rockville	Maryland	20852	(301) 21
KennethMI	SchreifelsStanwood	<del>189 11th St</del> 11479 Fox Row	Pasadena	Maryland	21122	5270 15148
Christopher Fred	Bovio Dobson	217 Adams St 19 Meadowbank Road	Newton Billerica	Massachusetts Massachusetts	2458 1821	617-546 978-664
Hyissia Alexandra Frank	Lewis Ivey Pomponio Rondeau	68 Bird Street 1510 N. Shore Rd 264 King Street	Dorchester Revere Littleton	Massachusetts Massachusetts Massachusetts	2125 2151 1460	617-279 310-433 413-883
Casey / BrianMI	Chapman / CzarneckiMidland	11479 Fox Row5706 Woodduck Way	Stanwood	Michigan	49346	570 7126616
GlennMI	ForgieRedford	5706 Woodduck Way14358 Sarasota Street	Midland	Michigan	48642	616 8615313
BruceMI	PerryRochester Hills	<del>14358 Sarasota</del> Street1720 Northumberland Drive	Redford	Michigan	48239	(313) 6593248
Gary	Tietz	1390 Lincoln Street	Lapeer	Michigan	48446	810-724
Rick / BettyMN	WeaverBlaine	1720 Northumberland2804 Aspen Lake Drive NE	Rochester Hills	Michigan	48309	(248) 6138763
CorinaMN	MackWyoming	2804 Aspen Lake Drive NE25137 Ethan Ave	Blaine	Minnesota	55449	763 6070651
MikeMO	KunkleChesterfield	47 Live Oak18803 Haystack Lane	Starkville	Mississippi	39759	3314 34147

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <u>State</u>	<b>Last Name</b> <u>City</u>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
<del>Clinton</del> <u>MO</u>	<del>Carpenter</del> <u>St. Jacob</u>	<del>18803 Haystack Lane</del> <u>2130 Hidden Creek St</u>	<del>Chesterfield</del>	<del>Missouri</del>	<del>63005</del>	<del>314-4002</del> <u>618</u>
<u>MS</u>	<u>Starkville</u>	<u>47 Live Oak Lane</u>				<u>334-61</u>
<u>NC</u>	<u>Raeform</u>	<u>189 Booth Pond Rd</u>				<u>520-67</u>
<u>NC</u>	<u>Harrisburg</u>	<u>9411 Rocky River Road</u>				<u>704-94</u>
<u>NC</u>	<u>Greensboro</u>	<u>1026 Fir Place</u>				<u>828-30</u>
<u>NC</u>	<u>Asheville</u>	<u>707 Villas Ct</u>				<u>330-28</u>
<u>NC</u>	<u>Apex</u>	<u>2101 Old Pine Needle Way</u>				<u>919-47</u>
<u>NC</u>	<u>Fuquay Varina</u>	<u>221 Wilbur Lake Dr</u>				<u>516-37</u>
<u>NC</u>	<u>Morrisville</u>	<u>1121 Hemby Ridge Ln</u>				<u>908-69</u>
<u>NC</u>	<u>Durham</u>	<u>1042 Gentle Reed Drive</u>				<u>919-59</u>
<u>NC</u>	<u>Morganton</u>	<u>251 Camelot Drive</u>				<u>864-39</u>
<u>NC</u>	<u>Raleigh</u>	<u>5248 Fairmead Circle</u>				<u>919-74</u>
<u>NC</u>	<u>Indian Trail</u>	<u>514 Carlisle Drive</u>				<u>704-36</u>
<u>NC</u>	<u>Charlotte</u>	<u>8317 Aspen Court</u>				<u>704-30</u>
<del>Greg</del> <u>NE</u>	<del>Nakata</del> <u>Lincoln</u>	<del>120 West 8th St</del> <u>4244 Washington Street</u>	<del>Kearney</del>	<del>Missouri</del>	<del>64060</del>	<del>816-8111</del> <u>402</u>
<del>David</del> <u>NE</u>	<del>Hotovy</del> <u>Gretna</u>	<del>4244 Washington Street</del> <u>6910 S 197th St</u>	<del>Lincoln</del>	<del>Nebraska</del>	<del>68506</del>	<del>402-853</del> <u>79</u>
<u>NH</u>	<u>Manchester</u>	<u>382 Day Street</u>				<u>603-41</u>
<u>NJ</u>	<u>Toms River</u>	<u>805 France Ct.</u>				<u>908-31</u>
<u>NJ</u>	<u>Englewood</u>	<u>284 Katherine St.</u>				<u>201-22</u>
<u>NJ</u>	<u>Hillsborough</u>	<u>10 Fredrick Ct</u>				<u>732-35</u>
<u>NJ</u>	<u>Ponte Vedra Beach</u>	<u>108 Broad Way</u>				<u>908-35</u>
<del>Rowney</del> <u>NV</u>	<del>Jensen</del> <u>Las Vegas</u>	<del>6910 S 197th St</del> <u>10845 Griffith Peak Drive Suite 550</u>	<del>Gretna</del>	<del>Nebraska</del>	<del>68028</del>	<del>4702</del> <u>79059</u>

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <u>State</u>	<b>Last Name</b> <u>City</u>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
<b>Magali</b> <u>NV</u>	<b>Badio</b> <u>Sparks</u>	<del>10845 Griffith Peak Drive Suite 550</del> 5851 Desert Mirage Dr	Las Vegas	Nevada	89135	(702) 811-4141
<b>Jane</b> <u>NV</u>	<b>Baudelaire</b> <u>Las Vegas</u>	<del>5851 Desert Mirage Dr</del> 8936 Regatta Bay Place	Sparks	Nevada	89436	(414) 5869-917
<b>Gregory</b> <u>NV</u>	<b>Ehlers</b> <u>Las Vegas</u>	<b>PO Box 481</b> <b>Glenbrook</b> <del>Road</del> 7336 Cobblefield St	Glenbrook	Nevada	89413	(1203) 536-541
<u>NV</u>	<u>Harrisonburg</u>	<u>1866 East Market St Ste C (PMB # 111)</u>				<u>540-21</u>
<u>NY</u>	<u>Albany</u>	<u>418 Broadway Suite R</u>				<u>929-94</u>
<b>Joan</b> <u>NY</u>	<b>Mastropaolo</b> <u>New York</u>	<del>8936 Regatta Bay Place</del> 6 Stuyvesant Oval Apt 8C	Las Vegas	Nevada	89131	(917) 5243-845
<b>Melissa</b> <u>NY</u>	<b>Oliveira-Denis</b> <u>Lynn</u>	<b>382 Day Street</b> <u>Spinney Path</u>	Manchester	New Hampshire	3104	(603) 8761-914
<b>Craig</b>	<b>Coyle</b>	<b>227 Schooner Circle</b>	Neptune	New Jersey	7753	(732) 96
<b>Bryan</b>	<b>Curtis</b>	<b>805 France Ct.</b>	Toms River	New Jersey	8753	908-313
<b>Marvin</b>	<b>Dillard</b>	<b>284 Katherine St.</b>	Englewood	New Jersey	7631	201-2201
<b>Mary Beth</b>	<b>Drake</b>	<b>10 Fredrick Ct</b>	Hillsborough	New Jersey	8844	732-357
<b>Jodi</b> <u>NY</u>	<b>Baer</b> <u>New York</u>	<del>6 Stuyvesant Oval Apt 8C</del> 555 W 59th St 10B	New York	New York	10009	(845) 1847-917
<u>NY</u>	<u>Brooklyn</u>	<u>151 Skillman Street, #3</u>				<u>917-51</u>
<b>Francisco</b> <u>NY</u>	<b>Chevez</b> <u>Richmond Hill</u>	<del>555 W 59th St 10B</del> 84-06 109th Street, Apt. 8F	New York	New York	10019	917-497-01
<b>Edward</b> <u>NY</u>	<b>Donahue</b> <u>New York</u>	<del>84-06 109th Street, Apt. 8F</del> 100 Riverside Blvd	Richmond Hill	New York	11418	(1917) 0196-914
<b>Miles</b> <u>NY</u>	<b>Gordon</b> <u>New York</u>	<b>100 Riverside Blvd</b> 301 West 118th St.	New York	New York	10069	(914) 234
<b>Margo</b> <u>NY</u>	<b>Kornfeld</b> <u>Slingerlands</u>	<b>301 West 118th St</b> <u>Queen Anne Dr.</u>	New York	New York	10026	(917) 5621-516
<b>Miten</b> <u>NY</u>	<b>Negandhi</b> <u>New York</u>	<b>72 Queen Anne Dr.</b> 275 South Street	Slingerlands	New York	12159	(516) 6663-646
<b>Taasha</b>	<b>Ramsay</b>	<b>1439 E 89th St</b>	Brooklyn	New York	11236	(917) 74



**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Ph</b>
Marc/ LornaNY	Richardson/ DominguezPatterson	275 South Street21 Cross Rd	New York	New York	10002	(646) 5275845
NY	Long Beach	840 Shore Rd, Apt 2H				516-38
DanielOH	Severance Beachwood	21 Cross Rd23980 Halburton Road	Patterson	New York	12563	845- 7728412
Tim / Amy	Ambrose	189 Booth Pond Rd	Raeford	North Carolina	28376	520-678
Alan / Robin	Bilskie	9411 Rocky River Road	Harrisburg	North Carolina	28075	704-948
Sheila	Cox	1026 FIR PLACE	Greensboro	North Carolina	27407	828-301
Mandy	Giust	707 Villas Ct	Asheville	North Carolina	28806	330-284
Sally	Kennedy	2101 Old Pine Needle Way	Apex	North Carolina	27539	919-475
Chaz	Linder	221 Wilbur Lake Dr	Fuquay Varina	North Carolina	27526	516-376
Meenakshi	Madaan	1121 Hemby Ridge Ln	Morrisville	North Carolina	27560	
Vania	Mendes	1042 Gentle Reed Drive	Durham	North Carolina	27703	(919)-59
Tom	Schmitt	251 Camelot Drive	Morganton	North Carolina	28655	864-395
Sarah	Straniero	5248 Fairmead Circle	Raleigh	North Carolina	27613	(919)-74
Steve	Tubel	514 Carlisle Drive	Indian Trail	North Carolina	28079	(704)-36
John	Ward	8317 Aspen Court	Charlotte	North Carolina		7043052
Chuck/ SharonOH	Heiden-Lorain	23980 Halburton Road4628 Fields Way	Beachwood	Ohio	44122	(412)- 4139
Nicholas/ LeahOH	WhitedGranville	4628 Fields Way101 Sentinel Pond Lane	Lorain	Ohio	44053	(4740)-4 644-
OH	Indianapolis	10849 Tournament Lane				513-22
Terry/ ShannonOK	Wileox-Oklahoma City	101 Sentinel Pond Lane11909 Aspen Creek Dr	Granville	Ohio	43023	7405- 20853
OK	Edmond	17908 Barrington Dr				210-91

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
MichaelOR	Bickle-Portland	218 E 8th12855 NE Pacific St	Edmond	Oklahoma	73034	(405) 0654310
John	Mathew	11063-D South Memorial Drive	Tulsa	Oklahoma	74133	469-9813175
Kyle	Andrews	1141 Cooke Blvd	Burlington	Ontario	L7T 0C3	905-334
Ross / Karen	Horton	4025 Dorchester Rd	Niagara Falls	Ontario	L2E 7K8	(604)-76
Srinivas	Nayudu		Kitchener	Ontario	N2P 1H6	519-722
Mohammad Sauban	Siddiqui	3817 Bloor Street West	Toronto	Ontario	M9B 1K7	+974-66
MikeOR	Christie-Portland	12855 NE Pacific St14234 NW Lakeshore Ct	Portland	Oregon	97230	(310) 8266503
Manny / MarnaPA	GatlinMedia	14234 NW Lakeshore Ct51 N Feathering Ln	Portland	Oregon	97229	503-1811415
Vicki Carol	Marshall Bullock	62684 Larkview Rd 4087 Daubert Drive	Bend Allentown Media	Oregon Pennsylvania Pennsylvania	97701 18104 19063	541-312 914-462
WilliamPA	Creasi/John IzzoWayne	51 N Feathering Ln10 Briar Rd	Media	Pennsylvania	19063	(415) 9506484
CalebPA	Flor-Philadelphia	14 Latchstring Ln2731 Webb St	Hatboro	Pennsylvania	19040	(570) 4970267
Michael / LisaSC	McDugall-Chesnee	10 Briar 12 Devon Lane	Wayne	Pennsylvania	19087	484-4220810
Verne	Vetrulli	3006 Saint Vincent Street	East Norriton	Pennsylvania	19403	484-888
Mirna	Fisher	222 Country View Dr	Warwick	Rhode Island	2888	401-569
DennisSC	Carpenter-Bradley	12 Devon Lane, Chesnee, SC 29323224 Reedy Creek Road	Chesnee	South Carolina	29323	810-3655772
SC	Atlanta	350 Allendale Dr. SE				864-91
TonyaSC	DiCola-Lancaster	224 Reedy Creek Road5124 Mill Race Lane	Bradley	South Carolina	29819	772-6827864
AllisonSC	Sullivan-Florence	5124 Mill Race Lane734 Caledonia Court	Lancaster	South Carolina	29720	(864)3-64620

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
SD	Sioux Falls	2009 South Queens Ave, Ste 218				605-31
TimothySD	WalkerAberdeen	734 Caledonia Court 1215 Birchwood Lane	Florence	South Carolina	29501	(843) 511-8605
DuaneTN	WitteHendersonville	1215 Birchwood Lane 1076 luxborough Dr	Aberdeen	South Dakota	57401	605-3255-228
Russell	Doyle	4306 N Chapel Rd	Franklin	Tennessee	37067	615-397
DarrylTN	JacksonNolensville	1076 luxborough Baronswood Dr	HENDERSONVILLE	Tennessee	37075	228-9343-615
BryanTX	MorrisGrapevine	3401 Baronswood Dr Boyd Drive	Nolensville	Tennessee	37135	615-3079-813
Kyl	Benton	4545 Conrad Ave	Aubrey	Texas	76227	(254) 38
Todd/ LanceTX	Bolt / MayPort Isabel	401 Boyd Drive W. Railroad	Grapevine	Texas	76051	8137-58599
Bess Ann/ KerryTX	BredemeyerWest Columbia	314 W. Railroad 2430 Ridgewood Drive	PORT ISABEL	Texas	78578	817-2787-970
EdwardTX	CarrollSan Antonio	2430 Ridgewood Drive 10838 Davis Farms	West Columbia	Texas	77486	(976) 9613
DanielTX	DavisFort Worth	21303 Encino Commons, Apt 26028000 Lead Circle	San Antonio	Texas	78259	(210) 0212-405
Thomas/ Maya	Evers	10838 Davis Farms	San Antonio	Texas	78254	760-201
VickiTX	GadsonPinehurst	8000 Lead Circle 34018 Mill Creek Way	Fort Worth	Texas	76137	405-1953-281
JohnTX	GatewoodLorena	34018 Mill Creek Way 2929 Gilchrist Dr	Pinehurst	Texas	77362	281-7683-702
TX	San Antonio	7218 Bella Garden				915-63
TX	Lewisville	2100 Wallbrook Drive				512-48
Benjamin/ JenniferTX	GlenCorinth	2929 Gilchrist Dr 4209 Creek Bend Court	Lorena	Texas	76655	(970) 899-
TX	Tulsa	11063-D South Memorial Drive				469-48

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Ph</b>
<u>TX</u>	<u>Florence</u>	<u>116 Huerta Rd</u>				<u>480-29</u>
<u>TX</u>	<u>Katy</u>	<u>19903 Parkwater Circle</u>				<u>713-90</u>
<del>Rogen/</del> <del>Dahlia</del> <u>TX</u>	<del>Jefferson</del> - <u>Cedar Park</u>	<del>12615 Lexi</del> <del>Petal</del> <u>1803 Autumn Fire</u> <u>Dr</u>	<del>San Antonio</del>	<del>Texas</del>	<del>78253</del>	<del>512-</del> <del>6682</del> <u>43</u>
<del>Kimberly/</del> <del>Kimberly</del> <u>TX</u>	<del>Marzett/</del> <del>Tennyson</del> <u>Plano</u>	<del>4209 Creek Bend</del> <del>Court</del> <u>6308 Widgeon</u> <u>Dr</u>	<del>Corinth</del>	<del>Texas</del>	<del>76208</del>	<del>972-</del> <del>3344</del> <u>817</u>
<del>Casey/</del> <del>Todd</del> <u>TX</u>	<del>Nichik/</del> <del>Gerjes</del> <u>Midland</u>	<del>1803 Autumn</del> <del>Fire</del> <u>7000 Thomas Paine</u> <u>Dr</u>	<del>CEDAR PARK</del>	<del>Texas</del>	<del>78613</del>	<del>(646)</del> <del>0934</del> <u>432</u>
<del>Brent</del>	<del>Troxel</del>	<del>6308 Widgeon Dr</del>	<del>Plano</del>	<del>Texas</del>	<del>75024</del>	<del>817-905</del>
<del>Jonatan/</del> <del>Sandra</del> <u>TX</u>	<del>Villegas</del> - <u>McAllen</u>	<del>7000 Thomas Paine</del> <del>Dr</del> <u>2604 Oriole Avenue</u>	<del>Midland</del>	<del>Texas</del>	<del>79706</del>	<del>432-</del> <del>7067</del> <u>956</u>
<u>TX</u>	<u>Katy</u>	<u>28207 Halle Ray Drive</u>				<u>346-30</u>
<del>Jeffrey</del> <u>UT</u>	<del>Weller</del> - <u>Lehi</u>	<del>2604 Oriole</del> <del>Avenue</del> <u>830 S 1620</u> <u>West</u>	<del>McAllen</del>	<del>Texas</del>	<del>78504</del>	<del>801-95</del> <del>8253</del>
<u>VA</u>	<u>Walkersville</u>	<u>114 Greenwich Dr</u>				<u>301-33</u>
<del>Delma</del> <u>VA</u>	<del>Gonzalez</del> - <u>Manassas</u>	<del>7218 Bella Garden</del> <u>12000 Coloriver Road</u>	<del>San Antonio</del>	<del>Texas</del>	<del>78256</del>	<del>915-</del> <del>6114</del> <u>703</u>
<u>VA</u>	<u>Stafford</u>	<u>118 Affirmed Drive</u>				<u>719-23</u>
<u>VA</u>	<u>Dover</u>	<u>9 E. Loockerman Street</u>				<u>240-42</u>
<del>Guy</del> <u>VA</u>	<del>Dansie</del> - <u>Chesterfield</u>	<del>830 S 1620</del> <del>West</del> <u>5406 Parrish</u> <u>Creek Circle</u>	<del>Lehi</del>	<del>Utah</del>	<del>84043</del>	<del>801-560</del> <del>721-</del>
<del>Mary-</del> <del>Hunter</del> <u>VA</u>	<del>Bartzen</del> - <u>Richmond</u>	<u>346 Albemarle Ave</u>	<del>Richmond</del>	<del>Virginia</del>	<del>23226</del>	<del>(804)-3</del>
<del>Russell</del>	<del>Billen</del>	<del>3508 Pike Rd</del>	<del>Alexandria</del>	<del>Virginia</del>	<del>22310</del>	<del>703-622</del>
<del>Karl</del> <u>VA</u>	<del>Busch</del> - <u>Alexandria</u>	<del>310508 Rhea Valley</del> <del>Road</del> <u>Pike Rd</u>	<del>Meadowview</del>	<del>Virginia</del>	<del>24361</del>	<del>843-</del> <del>1340</del> <u>703</u>
<del>Hezekiah</del> <u>VA</u>	<del>Butler</del> - <u>Fairfax</u>	<del>5406 Parrish Creek</del> <del>Circle</del> <u>3615 Lido Place</u>	<del>Chesterfield</del>	<del>Virginia</del>	<del>23832</del>	<del>(804)-72</del> <del>348-</del>
<del>Edward</del> <u>VA</u>	<del>Chalkley</del> <u>Brightwood</u>	<del>12504 Popes Head</del> <del>Rd</del> <u>3500 Lillards Ford</u> <u>Road</u>	<del>Clifton</del>	<del>Virginia</del>	<del>20124</del>	<del>757-</del> <del>5432</del> <u>804</u>

**FRANCHISEES OPEN AS OF DECEMBER 31, 2024**

<b>First Name</b> <b>State</b>	<b>Last Name</b> <b>City</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
JenniferVA	EdgertonFloyd	3615 Lido Place116 Old Mill Road	Fairfax	Virginia	22031	808-34 Jen423-
Angelo/ Karen	Girardi	2537 Bombay Landing	Virginia Beach	Virginia	23456	908-472
Jaelynn	Graybill	6123 Algona Ct	Alexandria	Virginia	22310	571-835
Patrick	Hamilton	1956 Mt. Crawford Avenue	Bridgewater	Virginia	22812	540-237
Shawn	King	4497 Bunker Ct	Montclair	Virginia	22025	520-234
Ken	Laey	12000 Coloriver Road	Manassas	Virginia	20112	(703)-36
Jonathan	Litt	1778 West Wind Way	Melean	Virginia	22102	(310)-86
Nick/ Victoria	Mastrovito	116 Old Mill Road	Floyd	Virginia	24091	423-258
Hector	Paz	6514 POTOMAC AVE	ALEXANDRIA	Virginia	22307	954-243
PaigeVA	RiordanWinchester	3500 Lillards Ford Road203 Lake Sever Drive	Brightwood	Virginia		1804873 293-
VA	Mclean	1778 West Wind Way				310-86
VA	Harrisonburg	1866 East Market St Ste C (PMB # 111)				540-21
VA	Montclair	4497 Bunker Ct				520-23
VA	Virginia Beach	2537 Bombay Landing				908-47
RobertoWA	SempeGreen Acres	203 Lake Sever Drive1811 S Eden St	Winchester	Virginia	22603	571- 8238509
Sarah/ EarlWI	Smith-Roberts	118 Affirmed Drive694 104th Street	Stafford	Virginia	22556	719- 9695612
CarlyWI	TuckerMilwaukee	153 Deer Trail8026 W. Townsend St	Aylett	Virginia	23009	443- 0303414
George/ SueWV	WootenCharleston	P.O. Box 172994 Loudon Heights Rd	Basye	Virginia	22810	540- 6491304
BrianWV	Monigold Huntingtown	1811 S Eden St730 Lazy Creek Lane	Green Acres	Washington	99016	509- 88823
Cassandra	Kelly	994 Loudon Heights Rd	Charleston	West Virginia	25314	3049893

1. Franchise owner resides in Maryland but has DC territory.

**SIGNED FRANCHISE AGREEMENT BUT NOT OPENED AS OF ISSUANCE DATE**

None.

FRANCHISEES WHO LEFT THE SYSTEM

- 2. Franchise owner resides in Virginia but has DC territory.
- 3. Franchise owner resides in Maryland but has Delaware territory.
- 4. Franchise owner resides in Las Vegas but has Idaho territory.
- 5. Franchise owner has two Regional Agreements with two Single Units (Ohio and Indiana).
- 6. Franchise owner resides in Illinois but has Missouri territory.
- 7. Franchise owner Has two Regional Agreements with two Single Units (Nevada and Virginia).
- 8. Franchise owner resides in Massachusetts but has New York territory.
- 9. Franchise owner resides in Atlanta but has South Carolina territory.
- 10. Franchise owner resides in Oklahoma but has Texas territory.
- 11. Franchise owner resides in Maryland but has Virginia territory.
- 12. Franchise owner resides in Delaware but has Virginia territory.
- 13. Franchise owner resides in Maryland but has West Virginia territory.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2024.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2024				
State	City	Address	Phone	Owner Name(s)
None				

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

For the prior 12 month period prior to the Issuance Date, the following are franchisees who have had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Non-Renewals

First Name	Last Name	Street Address	City	State	ZIP	Phone Number
James	Schwinghammer	266 River Birch St	Durango	Colorado	81301	720-799-5289
Geoffrey & Kathryn	Giordano-Rozen	14791 Trapper Rd	Orlando	Florida	32837	203-274-2801

Terminations:

First Name	Last Name	Street Address	City	State	ZIP	Phone Number
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David/ Audrey	Israel/ Rosenfeld	13340 W. Milton Drive	Peoria	Arizona (Washington Franchisee)	85345	206-618-0292
Lance	Allard	9820 Caminito Cuadro 31542 Navy	San Diego	California	92129	858-254-0540
Stephanie	Burton	Sky Dr. 2747 Manresa	Menifee	California	92584	760-408-4665
Stephen Melony	Leube McFadden	shore Ln 39520 Murrieta Hot Springs Rd 10642	Oakley Murrieta	California California	94561 92563	530-624-2863 240-416-9635
Dean/Amy	Isaacs	Wintersweet Pl 10660 N	Parker	Colorado	80134	(720)-469-0020
Heather	Leach	Shumaker Rd 11 Palm Harbor Dr	Bennett Holmes Beach	Colorado	80102	970-209-5048
Scott	Lubore	1101 Miranda Lane, Suite 131 504	Kissimmee	Florida	34217	941-223-5977
Claus	Madsen	Pleasantview Lane 3014 Pine St. PO Box 117 13750	Lakin	Kansas	67860	620-260-7911
Anne	Bernardin	Fleetwood Avenue 1502 E. 7th St	Bondsville MA	Massachusetts	1009	413-310-0222
Kenneth Ray Christopher	Kirkman Ramage Bousquet	221 River Street 63 Montrose Ave 2650 Cyprus Drive SE	Apple Valley Lamar Hoboken	Minnesota Missouri New Jersey	55124 64759 7030	763-412-5803 417-214-9773 347-678-7910
Helena	Nash	2650 Cyprus Drive SE	Fanwood	New Jersey	7023	(908)-889-0216
Alaine	Manda	7366 Royce Cove	Massillon	Ohio	44646	330-324-3736
Courtney	Bonifacio		Beaverton	Oregon	97006	VIP000108379
Lee	Wynn		Memphis	Tennessee	38125	901-643-1618

## Transfers

First Name	Last Name	Street Address	City	State	ZIP	Phone Number
Thomas/ Maya	Evers	10838 Davis Farms	San Antonio	Texas (was California) Connecticut (was California)	78254	760-201-7837
Unette/Curtis	Harbour					805-732-8513



~~EXHIBIT F~~

EXHIBIT "G"STATE LAW ADDENDA

## ~~STATE LAW ADDENDUM - CALIFORNIA~~TO DISCLOSURE DOCUMENT

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

~~In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 *et seq.*, the franchise disclosure document and Franchise Agreement for PATRICE & ASSOCIATES, FRANCHISING, INC. for use in the State of California shall be amended as follows:~~

~~Item 3 of the FDD is supplemented to include the following:~~

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

~~Other provisions:~~

~~California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Business & Professions Code Sections 20000 through 20043, the California Business & Professions Code Sections 20000 through 20043 controls.~~

~~The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).~~

~~The Franchise Agreement requires binding arbitration. The arbitration will occur in Anne Arundel County, MD with the costs being borne by both parties.~~

~~The Franchise Agreement contains a covenant not to compete which extends beyond the termination, expiration or transfer of the franchise. This provision may not be enforceable under California law.~~

~~The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.~~

~~Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.~~

~~The Franchise Agreement requires application of the law of the State of Delaware. This provision may not be enforceable under California law.~~

~~Waiver of jury trial and the restriction on the statute of limitations may not be enforceable under California law.~~

~~You must sign a release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).~~

~~OUR WEBSITE IS [www.patriceandassociate.com](http://www.patriceandassociate.com) OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).~~

~~Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.~~

~~The financial performance representation figures does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Agency. Franchisees or former franchisees, listed in the FDD, may be one source of this information.~~

~~Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and Franchise Disclosure Document shall remain in full force and effect, except to the extent specifically modified herein.~~

~~FA Section 4~~

~~If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.~~

## STATE LAW ADDENDUM - HAWAII

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

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

~~THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.~~

~~THE NAME AND ADDRESS OF OUR AGENT TO RECEIVE SERVICE OF PROCESS IN THE STATE OF HAWAII IS LISTED IN EXHIBIT A ATTACHED HERETO.~~

~~THIS REGISTRATION IS, OR WILL SHORTLY BE ON FILE IN THE FOLLOWING STATES: ILLINOIS, CALIFORNIA, NEW YORK, MARYLAND, VIRGINIA, NORTH DAKOTA, RHODE ISLAND, MINNESOTA, WISCONSIN AND WASHINGTON. NO STATES HAVE REFUSED, BY ORDER OR OTHERWISE, TO REGISTER THESE FRANCHISES. NO STATES HAVE REVOKED OR SUSPENDED THE RIGHT TO OFFER THESE FRANCHISES.~~

~~No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.~~

## **~~STATE LAW ADDENDUM-ILLINOIS~~**

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Illinois Franchise Disclosure Act (“Act”) shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency:~~

~~Item 17v. and 17 w of the FDD, the State Cover Page of the FDD, and Sections 16.18 and 16.19 of the Franchise Agreement and Sections VIII.G and H. Choice of Law and Choice of Forum shall be Illinois.~~

~~State Law, Jurisdiction and Venue. Any provision in the Franchise Agreement, including but not limited to Sections 16.18 and 16.19, which designates governing law, jurisdiction or venue in a forum outside the State of Illinois is void.~~

~~Termination or Nonrenewal Franchise: The Illinois Franchise Disclosure Act provides rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.~~

~~Waiver. 815 ILCS 705/41 provides that the rights provided by the Illinois Franchise Disclosure Act of 1987 (the “Act”) along with other laws of the State of Illinois may not be waived. Consequently, any release of claims or acknowledgements of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or any other law of the State of Illinois shall be void and hereby deleted with respect to claims under the Act or any other law of the State of Illinois.~~

~~Participation in Trade Associations: We will not in any way restrict any Franchisee from joining or participating in any trade association.~~

~~Release. Any release of claims or acknowledgements of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act shall be void and hereby deleted with respect to claims under the Act.~~

~~Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement shall remain in full force and effect, except to the extent specifically modified herein.~~

**STATE LAW ADDENDUM - INDIANA**  
**FINANCIAL STATEMENTS**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. ~~The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Delaware law if such provisions are in conflict with Indiana law.~~

2. ~~The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.~~

3. ~~Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:~~

~~“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.~~

~~At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”~~

4. ~~No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.~~

5. ~~The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.~~

6. ~~Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.~~

**STATE LAW ADDENDUM--MARYLAND**[\[See Attached\]](#)

~~The following provisions of the Maryland Franchise Registration and Disclosure Law (“Maryland Franchise Law”) shall apply to any franchises sold or offered for sale within the State of Maryland, operated in this State or to a Maryland resident, which amends the Franchise Disclosure Document (“FDD”):~~

~~Item 17. Item 17 is amended to state: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”~~

~~Item 17. Item 17 is amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”~~

~~Item 17. Item 17 is amended to state: “This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”~~

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



**PATRICE FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**PATRICE FRANCHISING, LLC**

Financial Statements

December 31, 2024 and 2023

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## Independent Auditors' Report

To the Managing Member of  
Patrice Franchising, LLC:

### **Opinion**

We have audited the accompanying financial statements of Patrice Franchising, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and member's equity (deficit), and cash flows for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patrice Franchising, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Patrice Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Patrice Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Patrice Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Patrice Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lero Sabey, PLLC*

April 11, 2025

**PATRICE FRANCHISING, LLC**

## Balance Sheets

December 31, 2024 and 2023

<b>ASSETS</b>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash	\$ 269,111	\$ 287,213
Receivables, net	712,868	437,308
Prepaid expenses	30,427	37,468
Deferred franchise costs, current	<u>1,294,210</u>	<u>1,314,574</u>
Total current assets	2,306,616	2,076,563
Due from related party	2,194,391	1,599,755
Deferred franchise costs, noncurrent	<u>2,453,026</u>	<u>2,478,573</u>
Total assets	<u><u>\$ 6,954,033</u></u>	<u><u>\$ 6,154,891</u></u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 564,549	\$ 296,540
Accrued commissions	365,775	63,158
Retainer contract liability	57,625	93,375
Replacement credits contract liability	121,925	259,124
Deferred revenue, current	<u>1,786,333</u>	<u>1,823,881</u>
Total current liabilities	2,896,207	2,536,078
Deferred revenue, noncurrent	<u>2,999,009</u>	<u>3,182,379</u>
Total liabilities	5,895,216	5,718,457
Member's equity	<u>1,058,817</u>	<u>436,434</u>
Total liabilities and member's equity	<u><u>\$ 6,954,033</u></u>	<u><u>\$ 6,154,891</u></u>

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

Statements of Income and Member's Equity (Deficit)

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues	\$ 8,189,202	\$ 9,256,878
Operating expenses:		
Direct expenses	6,104,280	6,989,998
Selling, general and administrative expenses	<u>1,462,539</u>	<u>1,758,808</u>
Total operating expenses	<u>7,566,819</u>	<u>8,748,806</u>
Net income	622,383	508,072
Member's equity (deficit):		
Beginning of year	<u>436,434</u>	<u>(71,638)</u>
End of year	<u>\$ 1,058,817</u>	<u>\$ 436,434</u>

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	2024	2023
<b>Operating activities:</b>		
Net income	\$ 622,383	\$ 508,072
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	(58,533)	196,543
Change in operating assets and liabilities:		
Receivables	(217,027)	477,138
Prepaid expenses	7,041	(19,776)
Deferred franchise costs	45,911	(787,946)
Accounts payable and accrued expenses	397,677	(1,055,590)
Deferred revenue	(220,918)	375,417
Net cash provided by (used in) operating activities	<u>576,534</u>	<u>(306,142)</u>
<b>Financing activities:</b>		
Repayments from (advances to) related party, net	<u>(594,636)</u>	457,355
Net cash provided by (used in) financing activities	<u>(594,636)</u>	457,355
<b>Net increase (decrease) in cash</b>	<b>(18,102)</b>	<b>151,213</b>
Cash, beginning of period	<u>287,213</u>	<u>136,000</u>
Cash, end of period	<u><u>\$ 269,111</u></u>	<u><u>\$ 287,213</u></u>

See accompanying notes and independent auditors' report.



## PATRICE FRANCHISING, LLC

### Notes to Financial Statements

December 31, 2024 and 2023

#### 1. Nature of Business

Patrice Franchising, LLC (the "Company") was formed under the laws of the State of Delaware on August 15, 2022 for the purpose of operating a recruiting business specializing in retaining candidates for the retail, food and beverage and hospitality industries, as well as other industries, under a franchise business model. Operations commenced on December 3, 2022 (inception) following the execution of the December 2, 2022 subscription and contribution agreement discussed in Note 6.

#### 2. Summary of Significant Accounting Policies

##### Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### Use of estimates:

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results could differ from those estimates.

##### Cash:

Cash is maintained in immediately withdrawable accounts. At December 31, 2024, deposits with banks exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limit by approximately \$27,000. The Company does not anticipate any losses in such accounts.

##### Receivables:

Receivables are primarily derived from placement fees, franchise fees, transfer and other fees and are carried at original invoice less an estimate made for credit losses based on management's best estimate of probable losses inherent in the receivables balance. Management determines any allowance for credit losses by regularly evaluating specific customer account activity. Receivables are written off when deemed uncollectible. The allowance for credit losses was \$20,010 and \$78,543 at December 31, 2024 and 2023, respectively.

##### Revenue recognition and contract assets and liabilities:

Revenues are comprised of placement fees, franchise revenue, technology fees and other fees. Franchise revenue is primarily derived from franchise fees, transfer fees, training fees, microsite set up fees, starter kit sales and advertising funds.

Revenues for the years ended December 31, 2024 and 2023 are included in the accompanying Statements of income and member's equity (deficit), as follows:

	2024	2023
Placement Fees	\$ 5,070,505	\$ 6,484,143
Franchise fees	2,626,920	2,509,661
Technology fees	384,277	258,049
Other fees	107,500	5,025
	<u>\$ 8,189,202</u>	<u>\$ 9,256,878</u>

(continued)

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2024 and 2023

**2. Summary of Significant Accounting Policies** (continued)

Revenue recognition and contract assets and liabilities (continued):

Placement fees are generated from the provision of recruiting services, and are recorded at a point in time, when all services or conditions relating to the performance obligation have been substantially performed or satisfied, generally at the time of billing. Management believes the Company is the principal in the generation of placement fees, as the contract with the hiring entity is directly with the Company, who is responsible for ensuring the transfer of services.

Franchise fees include fees attributable to pre-opening services. The Company has made a policy election under Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), to account for pre-opening services as a single performance obligation distinct from the franchise license. Pre-opening services include assistance with the determination of the franchise territory, training of the franchisee and franchisee personnel, set up and launch of microsite, preparation and distribution of operating manuals and materials, information technology and advisory services and quality control program. The Company used the fair value approach to determine the stand-alone selling price for the pre-opening service performance obligation. Revenue earned from pre-opening services is recorded at a point in time, when all material, services or conditions relating to pre-opening services have been substantially performed or satisfied by the Company or its regional director, generally within 30 days of signing. The Company considers the remaining franchise fee revenue associated with the franchise license to be earned over time and is recognized on a straight-line basis over the term of the agreement from the time of signing.

Transfer fees are recognized over the term of the agreement from the date of transfer.

Franchise fees are payable by the franchisee upon the signing of the franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to another franchisee.

Receipts and expenditures related to market fund activities, which benefit the brand the franchisees operate under, are considered by management to be highly interrelated with the franchise right and therefore not considered distinct. As a result, revenues for the market fund are recognized as revenue as they are billed. Expenses incurred to provide brand building services are recognized when incurred.

Separate performance obligations for technology and other services are accounted for over time as the performance obligations are satisfied, generally concurrent with the time of billing.

For the years ended December 31, 2024 and 2023, approximately 63% and 70%, respectively, of revenues were recognized at a point in time, versus over time.

The Company incurs incremental costs in the course of obtaining franchise agreements. Such costs are capitalized and recognized as expense on a straight-line basis over the term of the related franchise agreement. The resulting contract assets at December 31, 2024 and 2023 are \$3,797,950 and \$3,793,147, respectively, reported as Deferred franchise costs in the accompanying Balance sheets.

Advertising:

Advertising costs include website and social media advertising, promotional expenses, trade shows and other advertising programs and are expensed as incurred. Advertising expense approximated \$324,000 and \$438,000 for the years ended December 31, 2024 and 2023, respectively, and is included in General and administrative expenses in the accompanying Statements of income and member's equity (deficit).

(continued)

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2024 and 2023

**2. Summary of Significant Accounting Policies** (continued)

**Income taxes:**

The Company is a limited liability company taxed as a partnership and its income or loss is allocated to its members in accordance with their respective ownership percentage. Such members are generally responsible for income taxes related thereto and, accordingly, no income tax related accounts are recorded in the Company's financial statements.

The Company has evaluated its tax positions and any estimates utilized in its tax returns and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements.

**Subsequent events:**

Subsequent events were evaluated through April 11, 2025, which is the date the financial statements were available to be issued.

**3. Contract Liabilities**

Contract liabilities at December 31, 2024 and 2023 are included in the accompanying Balance sheets as follows:

	2024	2023
Deferred revenue	\$ 4,785,342	\$ 5,006,260
Retainer contract liability	57,625	93,375
Replacement credits contract liability	121,925	259,124
Total contract liabilities	<u>\$ 4,964,892</u>	<u>\$ 5,358,759</u>

**4. Related Party Transactions**

Patrice Holdings, LLC ("Holdings"), the Company's sole member, provides brand and marketing services to the Company, for which the Company was charged \$75,000 during both 2024 and 2023. In addition, Holdings paid approximately \$331,000 and \$485,000 in personnel costs on behalf of the Company in 2024 and 2023, respectively, which are included in General and administrative expenses in the accompanying Statement of income and member's equity (deficit).

For the years ended December 31, 2024 and 2023, the Company incurred \$448,500 and \$561,250, respectively, in commissions on new franchise sales to a related party.

**5. Subscription and Contribution Agreement**

In connection with the execution of the December 2, 2022 subscription and contribution agreement (the "SCA") between Patrice & Associates Franchising, Inc. and Patrice & Associates, Inc. (collectively, "P&A") and Holdings, substantially all assets and liabilities of Patrice were contributed to Holdings. In connection with the execution of the SCA, P&A issued a promissory note to Holdings for a total of \$2,000,000, the liability for which was recorded on the balance sheet of Holdings.

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2024 and 2023

**6. Risks and Uncertainties**

The Company monitors and seeks to minimize potential adverse effects of the Company's risk exposures, which are reviewed periodically for changes in market conditions and the Company's operations.

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, management believes the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

**PATRICE FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**PATRICE FRANCHISING, LLC**

Financial Statements

December 31, 2023 and 2022

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## Independent Auditors' Report

To the Managing Member of  
Patrice Franchising, LLC:

### **Opinion**

We have audited the accompanying financial statements of Patrice Franchising, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and member's equity (deficit), and cash flows for the year ended December 31, 2023 and for the period from December 3, 2022 (inception) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patrice Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and for the period from December 3, 2022 (inception) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Patrice Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Patrice Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Patrice Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Patrice Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lero Sabey, PLLC*

April 29, 2024

**PATRICE FRANCHISING, LLC**

## Balance Sheets

December 31, 2023 and 2022

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Current assets:		
Cash	\$ 287,213	\$ 136,000
Receivables, less allowance for doubtful accounts	437,308	1,110,989
Prepaid expenses	37,468	17,692
Deferred franchise costs, current	<u>1,314,574</u>	<u>1,101,031</u>
Total current assets	2,076,563	2,365,712
Due from related party	1,599,755	2,057,110
Deferred franchise costs, noncurrent	<u>2,478,573</u>	<u>1,904,170</u>
Total assets	<u><u>\$ 6,154,891</u></u>	<u><u>\$ 6,326,992</u></u>
<b>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 296,540	\$ 708,201
Accrued commissions	63,158	781,856
Retainer contract liability	93,375	38,730
Replacement credits contract liability	259,124	239,000
Deferred revenue, current	<u>1,823,881</u>	<u>1,668,562</u>
Total current liabilities	2,536,078	3,436,349
Deferred revenue, noncurrent	<u>3,182,379</u>	<u>2,962,281</u>
Total liabilities	5,718,457	6,398,630
Member's equity (deficit)	<u>436,434</u>	<u>(71,638)</u>
Total liabilities and member's equity (deficit)	<u><u>\$ 6,154,891</u></u>	<u><u>\$ 6,326,992</u></u>

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

Statements of Income and Member's Equity (Deficit)

For the Year Ended December 31, 2023 and  
the Period from December 3, 2022 (inception) through December 31, 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ 9,256,878	\$ 584,644
Operating expenses:		
Direct expenses	6,989,998	366,575
Selling, general and administrative expenses	<u>1,758,808</u>	<u>289,707</u>
Total operating expenses	<u>8,748,806</u>	<u>656,282</u>
Net income	\$ 508,072	\$ (71,638)
Member's equity (deficit):		
Beginning of year	<u>(71,638)</u>	<u>-</u>
End of year	<u>\$ 436,434</u>	<u>\$ (71,638)</u>

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

Statements of Cash Flows

For the Year Ended December 31, 2023 and  
the Period from December 3, 2022 (inception) through December 31, 2022

	2023	2022
<b>Operating activities:</b>		
Net income (loss)	\$ 508,072	\$ (71,638)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for bad debt	196,543	142,349
Change in operating assets and liabilities:		
Receivables	477,138	(1,253,338)
Prepaid expenses	(19,776)	(17,692)
Deferred franchise costs	(787,946)	(3,005,201)
Accounts payable and accrued expenses	(1,055,590)	1,767,787
Deferred revenue	375,417	4,630,843
Net cash provided by (used in) operating activities	(306,142)	2,193,110
<b>Financing activities:</b>		
Repayments from (advances to) related party, net	457,355	(2,057,110)
Net cash provided by (used in) financing activities	457,355	(2,057,110)
<b>Net increase in cash</b>	151,213	136,000
Cash, beginning of period	136,000	-
Cash, end of period	\$ 287,213	\$ 136,000

See accompanying notes and independent auditors' report.

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**1. Nature of Business**

Patrice Franchising, LLC (the "Company") was formed under the laws of the State of Delaware on August 15, 2022 for the purpose of operating a recruiting business specializing in retaining candidates for the food and beverage and hospitality industries, as well as other industries, under a franchise business model. Operations commenced on December 3, 2022 (inception) following the execution of the December 2, 2022 subscription and contribution agreement discussed in Note 6.

**2. Summary of Significant Accounting Policies**

**Basis of accounting:**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Use of estimates:**

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results could differ from those estimates.

**Cash:**

Cash is maintained in immediately withdrawable accounts. At December 31, 2023, deposits with banks exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limit by approximately \$41,000. The Company does not anticipate any losses in such accounts.

**Receivables:**

Receivables are primarily derived from placement fees, franchise fees, transfer and other fees and are carried at original invoice less an estimate made for doubtful accounts based on management's best estimate of probable losses inherent in the receivables balance. Management determines any allowance for doubtful accounts by regularly evaluating specific customer account activity. Receivables are written off when deemed uncollectible. The allowance for doubtful accounts was \$78,543 at December 31, 2023. There was no allowance for doubtful accounts at December 31, 2022.

**Revenue recognition and contract assets and liabilities:**

Revenues are comprised of placement fees, franchise revenue, technology fees and other fees. Franchise revenue is primarily derived from franchise fees, transfer fees, training fees, microsite set up fees, starter kit sales and advertising funds.

Revenues for the year ended December 31, 2023 and the period from December 3, 2022 (inception) through December 31, 2022 are included in the accompanying Statements of income and member's equity (deficit), as follows:

	2023	2022
Placement Fees	\$ 6,484,143	\$ 355,350
Franchise fees	2,509,661	201,936
Technology fees	258,049	17,358
Other fees	5,025	10,000
	<u>\$ 9,256,878</u>	<u>\$ 584,644</u>

(continued)

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

Revenue recognition and contract assets and liabilities (continued):

Placement fees are generated from the provision of recruiting services, and are recorded at a point in time, when all services or conditions relating to the performance obligation have been substantially performed or satisfied, generally at the time of billing. Management believes the Company is the principal in the generation of placement fees, as the contract with the hiring entity is directly with the Company, who is responsible for ensuring the transfer of services.

Franchise fees include fees attributable to pre-opening services. The Company has made a policy election under Accounting Standard Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), to account for pre-opening services as a single performance obligation distinct from the franchise license. Pre-opening services include assistance with the determination of the franchise territory, training of the franchisee and franchisee personnel, set up and launch of microsite, preparation and distribution of operating manuals and materials, information technology and advisory services and quality control program. The Company used the fair value approach to determine the stand-alone selling price for the pre-opening service performance obligation. Revenue earned from pre-opening services is recorded at a point in time, when all material, services or conditions relating to pre-opening services have been substantially performed or satisfied by the Company or its regional director, generally within 30 days of signing. The Company considers the remaining franchise fee revenue associated with the franchise license to be earned over time and is recognized on a straight-line basis over the term of the agreement from the time of signing.

Transfer fees are recognized over the term of the agreement from the date of transfer.

Franchise fees are payable by the franchisee upon the signing of the franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to another franchisee.

Receipts and expenditures related to market fund activities, which benefit the brand the franchisees operate under, are considered by management to be highly interrelated with the franchise right and therefore not considered distinct. As a result, revenues for the market fund are recognized as revenue as they are billed. Expenses incurred to provide brand building services are recognized when incurred.

Separate performance obligations for technology and other services are accounted for over time as the performance obligations are satisfied, generally concurrent with the time of billing.

For the year ended December 31, 2023 and the period from December 3, 2022 (inception) through December 31, 2022, approximately 70% and 61%, respectively, of revenues were recognized at a point in time, versus over time.

(continued)

**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**2. Summary of Significant Accounting Policies** (continued)

Revenue recognition and contract assets and liabilities (continued):

The Company incurs incremental costs in the course of obtaining franchise agreements. Such costs are capitalized and recognized as expense on a straight-line basis over the term of the related franchise agreement. The resulting contract assets at December 31, 2023 and 2022 are \$3,793,147 and \$3,005,201, respectively, reported as Deferred franchise costs in the accompanying Balance sheets.

Advertising:

Advertising costs include website and social media advertising, promotional expenses, trade shows and other advertising programs and are expensed as incurred. Advertising expense approximated \$438,000 for the year ended December 31, 2023 and \$33,000 for the period from December 3, 2022 (inception) through December 31, 2022, and is included in General and administrative expenses in the accompanying Statements of income and member's equity (deficit).

Income taxes:

The Company is a limited liability company taxed as a partnership and its income or loss is allocated to its members in accordance with their respective ownership percentage. Such members are generally responsible for income taxes related thereto and, accordingly, no income tax related accounts are recorded in the Company's financial statements.

The Company has evaluated its tax positions and any estimates utilized in its tax returns and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements.

Subsequent events:

Subsequent events were evaluated through April 29, 2024, which is the date the financial statements were available to be issued.

**3. Fair Value Measurements**

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels (with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3):

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(continued)



**PATRICE FRANCHISING, LLC**

Notes to Financial Statements

December 31, 2023 and 2022

**3. Fair Value Measurements** (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash, receivables, accounts payable and accrued expenses, and accrued commissions: These financial instruments represent Level 1 inputs as the carrying amounts at face value approximate fair value because of the short maturity of these instruments.

**4. Contract Liabilities**

Contract liabilities at December 31, 2023 and 2022 are included in the accompanying Balance sheets as follows:

	2023	2022
Deferred revenue	\$ 5,006,260	\$ 4,630,843
Retainer contract liability	93,375	38,730
Replacement credits contract liability	259,124	239,000
Total contract liabilities	<u>\$ 5,358,759</u>	<u>\$ 4,908,573</u>

**5. Related Party Transactions**

Patrice Holdings, Inc. ("Holdings"), the Company's sole member, provides brand and marketing services to the Company, for which the Company was charged \$75,000 during 2023. In addition, Holdings paid approximately \$485,000 in personnel costs on behalf of the Company in 2023, which are included in General and administrative expenses in the accompanying Statement of income and member's equity (deficit).

For the year ended December 31, 2023 and the period from December 3, 2022 (inception) through December 31, 2022, the Company incurred \$561,250 and \$14,500, respectively, in commissions on new franchise sales to a related party.

**6. Subscription and Contribution Agreement**

In connection with the execution of the December 2, 2022 subscription and contribution agreement (the "SCA") between Patrice & Associates Franchising, Inc. and Patrice & Associates, Inc. (collectively, "Patrice") and Holdings, substantially all assets and liabilities of Patrice were contributed to Holdings. Concurrently, Holdings allocated approximately \$67,000 in net assets to the Company as of December 2, 2022, which management believes represents the fair value of allocated assets and liabilities on such date. In connection with the execution of the SCA, Holdings issued a promissory note to Patrice for a total of \$2,000,000, the liability for which is recorded on the balance sheet of Holdings at December 31, 2023.

**7. Risks and Uncertainties**

The Company monitors and seeks to minimize potential adverse effects of the Company's risk exposures, which are reviewed periodically for changes in market conditions and the Company's operations.

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, management believes the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

## EXHIBIT "H"~~STATE LAW ADDENDUM—MINNESOTA~~

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:~~

~~1. — MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~2. — With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)~~

- ~~(i) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and~~
- ~~(ii) that consent to the transfer of the franchise will not be unreasonably withheld.~~

~~3. — Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.~~

~~4. — MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.~~

~~5. — The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.~~

~~6. — The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD.~~

~~7. — No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.~~

~~8. — Items 5 and 7 of this Disclosure Document are amended to include the following:~~

~~“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material~~

~~pre-opening responsibilities to you and you commence operating the franchised business.”~~

~~9. — Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.~~

~~NEW YORK STATE LAW ADDENDUM~~TO DISCLOSURE DOCUMENT

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

**XIX. ~~INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.~~**

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

~~With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:~~

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

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

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

~~D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in~~

~~the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.~~

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

~~However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.~~

4. ~~The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law.~~
5. ~~The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:~~

~~The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York~~

6. ~~Franchise Questionnaires and Acknowledgements—No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~
7. ~~Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise~~

relationship.

8. ~~The following additional risk factor is added to the Special Risks to Consider About *This* Franchise page: —~~

~~**“3.Limited Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.”~~

9. ~~In New York, we will not establish an advertising council or advertising cooperative. As a result, the following paragraph in Item 11 is deleted in its entirety: “There are currently no requirements for participation in an advertising council or any local advertising cooperatives, though we reserve the right to establish an advertising council or advertising cooperatives in the future.” This paragraph is replaced with the following: “There are currently no requirements for participation in an advertising council or any local advertising cooperatives, nor will there be such requirements in the future.”~~

## ~~STATE LAW ADDENDUM—NORTH DAKOTA~~

~~Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the North Dakota Franchise Investment Law shall apply to any franchise or franchisee located in the State of North Dakota, which shall control to the extent of any inconsistency:~~

### ~~Item 17 of the FDD, Section 11 of the Franchise Agreement.~~

~~The covenants not to compete found in the Franchise Agreement is generally considered unenforceable to the extent that the covenants conflicts with North Dakota law.~~

### ~~Item 17(u) of the FDD, Section 17 of the Franchise Agreement.~~

~~The provisions of the Franchise Agreement requiring consent to arbitration or mediation of disputes to be held outside of North Dakota are unenforceable to the extent that the provision conflicts with North Dakota law.~~

### ~~Item 17(v) of the FDD, Section 16.19 of the Franchise Agreement.~~

~~The provisions of the Franchise Agreement requiring consent to the jurisdiction of courts outside of North Dakota are unenforceable to the extent that the provision conflicts with North Dakota law.~~

### ~~Item 17 of the FDD, Section 16.8 of the Franchise Agreement.~~

~~The provisions of the Franchise Agreement requiring that the Franchise Agreement be governed by the laws of a state other than North Dakota are unenforceable to the extent the provision conflicts with North Dakota law.~~

### ~~Section 16.12 of the Franchise Agreement.~~

~~The provision of the Franchise Agreement requiring Franchisee to consent to the waiver of jury trial is unenforceable to the extent the provision conflicts with North Dakota law.~~

### ~~Section 16.12 of the Franchise Agreement.~~

~~The provisions of the Franchise Agreement requiring Franchisee to consent to a waiver of exemplary and punitive damages are unenforceable to the extent the provision conflicts with North Dakota law.~~

### ~~Item 17 of the FDD, Sections 4, 14.2 of the Franchise Agreement.~~

~~The provisions of the Franchise Agreement requiring that the franchisee sign a release upon the renewal of the Franchise Agreement are unenforceable to the extent that it conflicts with North Dakota law.~~

### ~~Item 17 of the FDD, Section 13.1 of the Franchise Agreement.~~



~~The provisions of the Franchise Agreement requiring that the franchisee consent to a liquidated damages clause are unenforceable to the extent that it conflicts with North Dakota law.~~

Section 16.2 of the Franchise Agreement:

The provision of the Franchise Agreement that requires the franchisee consent to the limitation of claims is unenforceable to the extent the provision conflicts with North Dakota law

All fees payable to us under the terms of the Franchise Agreement are subject to deferral pursuant to order of the State of North Dakota. Accordingly, you shall pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business

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

All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

## **~~STATE LAW ADDENDUM -- RHODE ISLAND~~**

~~The following modifies and supersedes the Franchise Disclosure Document (“FDD”) and Franchise Agreement with respect to franchises offered for sale or sold in the State of Rhode Island, as followings:~~

~~§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” Therefore, Item 17v. and 17 w. of the FDD, Section 16.18 of the Franchise are hereby modified.~~

~~All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.~~

## STATE LAW ADDENDUM—VIRGINIA

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Virginia Retail Franchising Act shall apply to any franchise or franchisee located in the State of Virginia, which shall control to the extent of any inconsistency:

The following is added to Item 17.h. of the FDD, and corresponding provisions in the Franchise Agreement:

~~Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.~~

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

## STATE LAW ADDENDUM—WASHINGTON

This Addendum modifies the FDD, Franchise Agreement, and any supplemental or related agreements or other documents related to the sale of a franchise to comply with Washington law. The terms of this Addendum will override any inconsistent provision of the FDD, Franchise Agreement and any supplemental or related agreements or other documents related to the sale of a franchise.

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with FRANCHISOR, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with FRANCHISOR, including the areas of termination and renewal of your franchise.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
7. As it applies to Washington franchisees:

- a. ~~Section 2.4 of the Franchise Agreement is hereby revised to remove the first sentence of the second paragraph, which reads: “With regard to any of the above sales, assignments and dispositions described in the above paragraph, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of the Marks (or any variation thereof) and System and/or the loss of association with or identification of ‘Patrice & Associate’ as a franchisee under this Agreement.”~~
- b. ~~Section 11.4 of the Franchise Agreement is hereby removed in its entirety.~~
- c. ~~Section 14.1(j) of the Franchise Agreement is hereby removed in its entirety.~~
- d. ~~Section 15.2 of the Franchise Agreement is hereby revised to clarify that the franchisee’s indemnification obligation does not extend to liabilities caused by the Franchisor’s acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud.~~
- e. ~~Section 16.5 of the Franchise Agreement is hereby revised to remove the last sentence, which reads: “Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.”~~
- f. ~~Section 16.6 of the Franchise Agreement is hereby revised to remove the fourth sentence, which reads: “Franchisee acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the franchised business and not on reliance of or as a result of any representations made by Franchisor’s owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, area representatives, or brokers which are not contained in or are contrary to the terms set forth in this Agreement or of any representation in the Franchise Disclosure Document.”~~
- g. ~~Section 16.12(D) of the Franchise Agreement is hereby removed in its entirety.~~
- h. ~~Section 17.1 of the Franchise Agreement is revised to clarify that the cost of the Mediation, including the mediator's fee and expenses, shall be paid by the non-prevailing party.~~
- i. ~~Section 17.2 of the Franchise Agreement is revised to clarify that either party may appeal the arbitration award in federal or state court.~~
- 8. All initial fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the State of Washington. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.
- 9. The following additional risk factor is added to the Special Risks to Consider About *This Franchise* page: \_\_\_\_\_  
**~~“3. Turnover Rate.~~** During the last 3 years, a large number of franchised outlets (91) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

## EXHIBIT G

### RELEASE

#### GENERAL RELEASE STATE EFFECTIVE DATES

~~THIS GENERAL RELEASE~~ (the “General Release”) is made by the undersigned (hereinafter “Releasor(s)”) for the benefit of Patrice Franchising, LLC, a a Delaware limited liability company (hereinafter, “Franchisor”), on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

#### RECITALS:

WHEREAS, Releasor is a Patrice & Associates, Inc. franchisee and operates a Patrice & Associate's Agency (the “Franchised Business”) pursuant to that certain franchise agreement dated \_\_\_\_ (the “Franchise Agreement”);

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to \_\_\_\_\_ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor/franchisee relationship between Releasor and Franchisor. If this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective



~~insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.~~

~~3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.~~

~~4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.~~

~~5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law.~~

~~6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.~~

~~7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.~~

~~IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.~~

~~RELEASOR:~~

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

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

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

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: -California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	<a href="#">April 22, 2025</a>
Indiana	<del>May 6, 2024 (amended January 10, 2025)</del>
Maryland	
Michigan	December 12, 2024 (amended <del>January 9</del> <a href="#">April 15, 2025</a> )
Minnesota	<del>July 19, 2024 (amended January 27, 2025)</del>
New York	
North Dakota	<del>June 24, 2024 (amended January 10, 2025)</del>
Rhode Island	<del>May 1, 2024 (amended January 13, 2025)</del>
South Dakota	<del>May 6, 2024 (amended January 9</del> <a href="#">April 22, 2025</a> )
Virginia	<del>June 25, 2024 (amended January 15, 2025)</del>
Washington	
Wisconsin	<del>May 2, 2024 (amended January 10, 2025)</del>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT H RECEIPT

EXHIBIT "I"  
TO DISCLOSURE DOCUMENT  
(~~FOR YOUR RECORDS~~)RECEIPTS

*[See Attached]*

## RECEIPT

This Disclosure Document summarizes certain provisions of the ~~F~~franchise ~~A~~agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Patrice Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 ~~CALENDAR~~ days before you sign a binding agreement ~~WITH~~, or make a payment ~~TO~~, with the franchisor or an affiliate in connection with the proposed franchise sale. ~~UNDER MICHIGAN LAW, IF APPLICABLE, PATRICE FRANCHISING, LLC MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU AT LEAST 10 BUSINESS DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, US OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE. UNDER NEW YORK LAW, IF APPLICABLE, PATRICE FRANCHISING, LLC MUST PROVIDE~~ New York requires that we give you this DDisclosure DDocument TO YOU at the earliest ~~ST~~r of ~~YOUR 1<sup>ST</sup>~~the first personal meeting ~~TO DISCUSS THE FRANCHISE~~ or 10 business days before ~~YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, US OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED~~ the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise SALErelationship.

If Patrice Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the ~~STATE ADMINISTRATOR~~appropriate state agency listed in ~~EXHIBIT A. OUR AGENT FOR SERVICE OF PROCESS IN STATES THAT ARE NOT FRANCHISE REGISTRATION STATES IS CORPORATION SERVICE COMPANY, 251 LITTLE FALLS DR., WILMINGTON, DELAWARE, 19808 (TEL: 302-636-5401).~~EXHIBIT "A" to this Disclosure Document.

~~The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:~~

The franchise seller(s) involved with the sale of this franchise is/are:

Jason Miller; 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255; 203-300-7945

\_\_\_\_\_;

Lauren Wanamaker; 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255; (303) 921-1155

~~Date of Issuance~~ Date: ~~April 30, 2024 (amended January 9, 2025)~~ 15, 2025

Patrice Franchising, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document ~~dated April 30, 2024 (amended January 9, 2025),~~ that included the following ~~e~~Exhibits:

EXHIBIT "A"      List of State ~~Agencies~~Administrators and Agents for Services of Process

EXHIBIT "B"      Agent for Service of Process

EXHIBIT "C"      Franchise Agreement

EXHIBIT "D"      Other Agreements

EXHIBIT "D"-1    State Addenda

EXHIBIT "D"-2    Franchisee Disclosure Questionnaire

EXHIBIT "D"-3    General Release

EXHIBIT "D"-4    Franchise Resale Agreement

EXHIBIT "E"      Table of Contents of the confidential Brand Standards Manual

EXHIBIT "F"      List of Franchisees

EXHIBIT "G"      Financial Statements of Patrice Franchising, LLC  
EXHIBIT "H"      State Effective Dates  
EXHIBIT "I"      Receipts

~~A. List of State Agencies and Agents for Services of Process~~      ~~E. List of Franchisees~~  
~~B. Franchise Agreement~~      ~~F. State Law Addenda~~  
~~C. Table of Contents of the Manual~~      ~~G. Release~~  
~~D. Audited Financial Statements~~      ~~H. Receipt~~

	<u>Print Name</u>
<u>Date</u>	<u>(Signature) Prospective Franchise Owner</u>

Date of Receipt: \_\_\_\_\_ Print Name: \_\_\_\_\_

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

==

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Patrice Franchising, LLC)



RECEIPT  
(Return to Us)

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If Patrice Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the ~~STATE ADMINISTRATOR~~appropriate state agency listed in ~~EXHIBIT A. OUR AGENT FOR SERVICE OF PROCESS IN STATES THAT ARE NOT FRANCHISE REGISTRATION STATES IS CORPORATION SERVICE COMPANY, 251 LITTLE FALLS DR., WILMINGTON, DELAWARE, 19808 (TEL: 302-636-5401).~~EXHIBIT "A" to this Disclosure Document.

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<u>EXHIBIT "B"</u>	<u>Agent for Service of Process</u>
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<u>EXHIBIT "D"-2</u>	<u>Franchisee Disclosure Questionnaire</u>
<u>EXHIBIT "D"-3</u>	<u>General Release</u>
<u>EXHIBIT "D"-4</u>	<u>Franchise Resale Agreement</u>
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<u>EXHIBIT "G"</u>	<u>Financial Statements of Patrice Franchising, LLC</u>
<u>EXHIBIT "H"</u>	<u>State Effective Dates</u>

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Exhibit I-2024 Franchise Disclosure Document (~~Registration~~

~~States~~2025)

EXHIBIT "I"      Receipts

- ~~A. List of State Agencies and Agents for Services of Process~~  
~~B. Franchise Agreement~~  
~~C. Table of Contents of the Manual~~  
~~D. Audited Financial Statements~~
- ~~E. List of Franchisees~~  
~~F. State Law Addenda~~  
~~G. Release~~  
~~H. Receipt~~

	<u>Print Name</u>
<u>Date</u>	<u>(Signature) Prospective Franchise Owner</u>

Date of

(This Receipt:\_\_\_\_\_ should be executed in duplicate. ~~Print Name:~~\_\_\_\_\_ One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner’s copy. The other Receipt must be signed and returned to Patrice Franchising, LLC)

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

Please sign and print your name above, date and return one copy of this receipt to Patrice Franchising, LLC, 9112 East Verde Grove View, Suite 101-E, Scottsdale, AZ 85255 and keep the other for your records.