

FRANCHISE DISCLOSURE DOCUMENT- UNIT



ATAX LLC d/b/a ATAX,
A Virginia Limited Liability Company
780 Lynnhaven Parkway
Suite 240
Virginia Beach, VA 23452
(888) 268-0321
www.ATAX.com

The franchise offered is for the operation of an ATAX single unit franchise (the “Franchised Business”). An ATAX Franchised Business offers income tax preparation, bookkeeping, payroll, and incorporation services.

The total investment necessary to begin operation of an ATAX Franchised Business ranges from \$59,150 to \$79,000. This includes \$35,000 that must be paid to the Franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive 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 government 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 Alberto Ortiz, at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452 or by phone at (888) 268-0321.

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

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

Issuance Date: April 24, 2025; Amended June 3, 2025

ITEM 3 LITIGATION

Pending Action:

Ira Lubert and John Martinson v. John T. Hewitt, ATAX, LLC, and Loyalty, LLC (Case No 250503829) filed May 30, 2025, in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Plaintiffs are investors in ATAX, LLC, and claim that they were solicited to invest in ATAX as a qualified opportunity zone business (QOZB), yet it did not qualify as a QOZB. Further, Plaintiffs claim that, as a result of the non-QOZB status, the defendants promised certain changes, some of which defendants have not made, specifically an amendment to ATAX's Operating Agreement and certain financial controls. The Plaintiffs also allege that Hewitt, with the assistance of certain Loyalty employees, made cash withdrawals from ATAX and paid those funds to himself, to Loyalty, and to other Loyalty brand companies without ATAX Board approval. The Plaintiffs sue for (1) Fraud Against Defendant Hewitt, (2) Aiding and Abetting Fraud (Against Defendant Loyalty), (3) Breach of Fiduciary Duty (Against Defendants Hewitt and Loyalty), (4) Conversion (Against Defendants Hewitt and Loyalty), (5) Breach of Contract (Against Defendants Hewitt, Loyalty, and ATAX), (6) Unjust Enrichment (Against Defendants Hewitt and Loyalty), (7) Breach of Virginia Stock Corporation Act (Against Defendants Hewitt and Loyalty), and (8) Violation of Pennsylvania Voidable Transfers Act (Against Defendants Hewitt and Loyalty). Plaintiffs seek a judgment, an order rescinding their investments, redemption of their ownership interests at a fair value, monetary damages in an amount to be determined at trial, fees, and interest. Defendants offered to buy out the Plaintiffs' investments for a profit that would be beneficial to Plaintiffs. Defendants intend to file an Answer generally denying the allegations and vigorously contesting the claims made. No trial date has been set.

ATAX, LLC v. Annette Mercedes, Toro Taxes Franchise L.L.C., Tony Villalobos, LDTTAX NJ Corporation, LDM Union City Corporation, Yaely Mercedes, and Alba Villalobos, Docket No. L-004320-23, filed December 8, 2023, in the Superior Court of New Jersey Law Division: Hudson County. ATAX filed a Verified Complaint seeking a permanent injunction to (i) enjoin Defendants from disclosing, conveying, transmitting copying and otherwise making ATAX confidential information available; (ii) enjoining Defendants from soliciting ATAX clients; (iii) enjoining Defendants from using ATAX confidential information to gain an unfair competitive advantage; (iv) enjoining Defendants Toro Taxes, Tony Villalobos and/or Alba Villalobos from operating a tax preparation business from a prior ATAX office; (v) compelling assignment of the lease for the prior ATAX office; (vi) and enjoining Defendant Annette Mercedes from working in the tax filed for a period of one year within ten miles of any ATAX office; and (vii) compelling the return of all ATAX confidential information. ATAX alleged (a) violation of the Defend Trade Secrets Act, 18 U.S.C. §1836, et seq. against all Defendants; (b) Misappropriation of Trade Secrets against all Defendants; (c) Breach of Confidentiality and Non-Competition Contract against Annette Mercedes; (d) Breach of the Implied Covenant of Good Faith and Fair Dealing against Defendant Annette Mercedes; (e) Breach of Personal Guarantee Contract against Defendant Annette Mercedes; (f) Breach of the Implied Covenant of Good Faith and Fair Dealing against Defendant Annette Mercedes; (g) Unfair Competition against all Defendants; (h) Tortious Interference with

EXHIBIT I
STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This 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	<u>Pending</u>
Hawaii	<u>Not Applicable</u>
Illinois	<u>May 15, 2025; Pending</u>
Indiana	April 29, <u>2025; June 3, 2025</u>
Maryland	Pending
Michigan	September 27, 2024
Minnesota	<u>Pending</u>
New York	<u>Pending</u>
Rhode Island	May 5, 2025; <u>Pending</u>
Virginia	<u>Pending</u>
Washington	<u>Pending</u>
Wisconsin	April 24, 2025; <u>June 3, 2025</u>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
RECEIPT

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

If ATAX LLC d/b/a ATAX offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit D.

The Franchisor is ATAX LLC d/b/a ATAX located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Its telephone number is (888) 268-0321.

Issuance date: April 24, 2025; Amended June 3, 2025

The name, principal business address, and telephone number of each franchise seller offering the franchise is:	
☒	Alberto Ortiz 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Alberto Contreras, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	John T. Hewitt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Jamie Marcil, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Kelly Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Jennifer Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Taylor Romanelli, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Colin Flynn, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒	Gwendolyn DiFerdinando, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☐	_____
	Loyalty Brands, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☐	_____
	Loyalty Business Services LLC, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (832) 660-6727

We authorize the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I have received a Disclosure Document dated April 24, 2025; Amended June 3, 2025, that included the following

Exhibit A: Franchise Agreement and Schedules

Schedule 1-Territory

Schedule 2-Automatic Bank Draft Authorization

Schedule 3-Telephone Number Assignment

Schedule 4-Lease Rider

Schedule 5-Promissory Note

Schedule 6-State Addenda to the Franchise Agreement

Exhibit B: Release

Exhibit C: Financial Statements

Exhibit D: State Administrators/Agents for Service of Process

Exhibit E: State Addenda to the Disclosure Document

Exhibit F: List of Franchisees

Exhibit G: List of Former Franchisees

Exhibit H: Table of Contents of Operations Manual

Exhibit I: State Effective Dates

Exhibit J: Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

FOR YOUR RECORDS

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New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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☒ Kelly Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
☒ Jennifer Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
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Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

FOR OUR RECORDS