

## 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 arbitration and/or litigation only in Illinois. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Illinois than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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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- [5] You must obtain the following insurance from companies satisfactory to us which are licensed to do business in the state in which your Business Location is located and which have an A.M. Best insurance rating of at least "A":
- Broad form comprehensive general liability coverage and broad form contractual liability coverage satisfactory to us of at least \$1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of over \$5,000.
  - Errors and omissions insurance and employment practices liability insurance of at least \$1,000,000 per occurrence.
  - A policy covering non-owned automobile liability covering bodily injury of \$1,000,000 per occurrence.
  - Sufficient insurance coverage to satisfy your indemnification obligations under the Franchise Agreement.
- Since insurance costs vary greatly from area to area, you should consult with your local agent or broker to obtain a precise quotation. We can change the required coverages and amounts.
- [6] Varies significantly depending upon distance to be traveled and the restaurants chosen. We provide the lodging (at the Union League Club only) for 1 attendee at no cost.
- [7] We estimate 3 monthly payments of the GRN Bundle Fee during the initial operation of the Business.
- [8] You may incur legal and accounting fees for miscellaneous matters like incorporating, obtaining a license, reviewing a lease, etc. The actual cost will depend on the work done by the accountant and/or attorney and the rates charged (usually hourly). There will be an additional \$5,200 charge if you choose to use Quantum Leap's incorporation and 401k-related services. Quantum Leap's services are optional.
- [9] The estimate of additional funds covers funds generally needed to cover ordinary operating expenses (such as office expenses, telephone service, and accounting and legal) – assuming no Gross Receipts – for the startup phase (first 3 months) of your Business. Because this is only an estimate, it is possible that you will need additional working capital during the first 3 months you operate your Business and for a longer time period after that. ~~This 3-month period is not intended, and should not be interpreted, to identify a point at which your Business will break even.~~ In compiling this additional funds estimate, we rely on our experience in franchising permanent placement businesses.
- [10] ~~You should review these figures carefully with a business advisor before making any decision to purchase the franchise.~~ We do not offer financing directly or indirectly for any part of your initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

## **Item 8**

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

Your only obligations to purchase or lease from us, our designee, or from suppliers approved by us or under our specifications are described in this Item. Except as provided below, neither GRN nor any affiliate is an approved or designated supplier of any item, and there are no restrictions on you regarding the source of goods, services, supplies, fixtures, equipment,

inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Business.

We will provide you with 1 business computer, 2 monitors, 1 webcam, 1 speaker pair, 1 external HD, and a single user version of third-party software, LaserJet printer, All-In-One printer, 1 VoIP Hardware Phone with wireless headset, and certain other computer-related accessories or peripheral equipment that we then specify for our franchisees. BBDP will deliver the computer hardware and software to you. BBDP is the designated and only supplier and support provider for CAPSX Software®, the GRN Exchange Software products, and the menu of other GRN Software Programs and related services and products.

GRN will provide you our standardized web site for franchises and an e-mail address. GRN also will provide you access to the ZoomInfo database (or similar database, as we designate) during the term of the Franchise Agreement, which we include in the GRN Bundle Fee.

Quantum Leap is an approved supplier of certain incorporation and 401k-related services. You have no obligation to acquire these services or to acquire them from Quantum Leap.

YGI is the designated and only supplier of certain accounting and tax services.

Because BBDP, Quantum Leap, and YGI are affiliates, certain GRN officers currently own an interest in them. Otherwise, none of our officers own an interest in any third-party, unaffiliated suppliers to the GRN franchise network.

We have established other computer hardware and software standards for GRN Businesses. Hewlett Packard/Compaq computer hardware configured to our specifications is the recommended hardware standard. We will give you access to our video conferencing network. We reserve the right to substitute the video conferencing technology so long as it meets our standards. Microsoft and AVG are the recommended software standards. Although BBDP is the designated and only supplier of CAPSX Software® and the GRN Exchange Software and menu of other GRN Software Programs and related services and products, you may purchase additional hardware and software from any certified Hewlett Packard/Compaq reseller and Microsoft and AVG resellers, respectively.

During 2024, GRN did not receive any revenue as a result of required purchases or leases by franchisees. During 2024, BBDP received \$1,033,252 from franchisees for computer support and an additional \$12,000 for web site development from the Fund (defined in Item 11). In 2024, Quantum Leap received \$39,252 from franchisees for 401k-related services. In 2024, YGI received \$224,298 from franchisees for accounting-related services. Neither GRN nor its affiliates have received revenue from third-party suppliers.

Like most convention sponsors, we negotiate for free room nights at conventions and meeting hotels. We use them to defray a portion of the cost of staff attendance at the meetings. We negotiate purchase arrangements with suppliers, including prices, for various items. For example, we have negotiated prices and other terms for long distance telephone service, equipment, on-line job boards and software. In negotiating any purchase arrangements with suppliers, we seek to promote the overall interests of the System and our interests as the franchisor. We do reserve the right to participate in all purchasing programs. There currently are no purchasing or distribution cooperatives. 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.

You must send us, for approval, copies of all proposed advertising materials before you use them. If you do not hear from us within 10 business days after we receive the materials, they will be deemed to be approved.

~~Our insurance requirements are summarized in Item 7 above.~~

We impose and prescribe minimum standards and limits for certain types of required insurance coverage, in our manuals or by other written notice to you. Currently, you must obtain the following insurance from companies satisfactory to us which are licensed to do business in the state in which your Business Location is located and which have an A.M. Best insurance rating of at least “A”:

- Broad form comprehensive general liability coverage and broad form contractual liability coverage satisfactory to us of at least \$1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of over \$5,000.
- Errors and omissions insurance and employment practices liability insurance of at least \$1,000,000 per occurrence.
- A policy covering non-owned automobile liability covering bodily injury of \$1,000,000 per occurrence.
- Sufficient insurance coverage to satisfy your indemnification obligations under the Franchise Agreement.

We may modify the required minimum limits of insurance coverage periodically by written notice to you, through “Supplements” to the Manual or otherwise. The insurance coverage must name us and the other indemnitieds we identify as additional insureds and provide, by endorsement, that we are entitled to receive at least 30 days’ prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy.

We may require you to buy certain supplies, equipment, materials, and services from designated or approved suppliers or according to our standards and specifications. For example, you must buy all materials bearing any of the Proprietary Marks from an approved source or another supplier who can demonstrate that it can supply items meeting the same specifications as those provided by our approved suppliers. We will exercise our approval rights reasonably. You must send us a written request for approval of the supplier; the supplier must demonstrate that it can satisfy our specifications; and the supplier must be in good standing in the business community. We may test and inspect the products and services of any supplier you propose at your expense, whether or not we ultimately approve or reject the supplier. We will approve or disapprove your request in writing within a reasonable time (typically 30 days). If we revoke approval of a supplier, we will give you written notice. We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of the GRN System. We periodically may give you specifications for minimum standards for products, services, or equipment in our Manual (defined in Item 11) or other written communications and may modify those specifications.

Collectively, the purchases and leases described above are 80% of your overall purchases and leases to establish, and 20% of your overall purchases and leases to operate, your Business.

## **Item 9**

### **FRANCHISEE’S OBLIGATIONS**

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

Although we have the right under the Franchise Agreement (subject to applicable law), we do not currently regulate your Business's minimum, maximum, or other prices, fees, and rates for the resale of the services offered and sold by your Business.

#### Advertising Information

There is no obligation for us to maintain any particular advertising program. We currently maintain a public web site to which we expect your future web site will link (see below), and we currently maintain a private Intranet for our management and franchisees.

We do not require you to contribute to or otherwise participate in any advertising or marketing fund. However, franchisees that entered into earlier forms of franchise agreement contribute 0.5% of their monthly Net Receipts to the GRN Permanent Placement Brand Fund (the "Fund"). Although neither we nor our affiliates operate a GRN Business, we would contribute to the Fund on the same basis as those franchisees if we ever do. We administer the Fund and use the Fund primarily to subsidize costs for the Global Workshop and other meetings and to defray costs for web site development, maintenance and support services. The monthly GRN Bundle Fee you will pay us under the Franchise Agreement covers these services. We must distribute an unaudited statement detailing Fund income and expenses for the fiscal year to all franchisees contributing to the Fund within 120 days after the end of the Fund's fiscal year. We will spend most contributions to the Fund between 12 and 18 months after contributions are made. If we spend more than the amount in the Fund in any fiscal year (in addition to any money we have to spend because we did not spend all the money in the Fund during the year before), then we can reimburse ourselves from the Fund during the next fiscal year for all excess expenditures during the preceding fiscal year. If we spend less than the total in the Fund during any fiscal year, we will spend the unused money during the next fiscal year. You will not benefit directly or proportionately from Fund expenditures.

Of its total 2024 expenditures, the Fund spent 61% on costs and expenses related to the development of the event registration system for GRN franchisees and 39% on costs for meetings and web site programs (including amounts paid to BBDP). During 2024, GRN did not receive any monies for its administration of the Fund. There are no franchise advertising councils or advertising cooperatives. However, we may form, change, or dissolve them as we deem appropriate. The Fund will not be used for advertising that is principally a solicitation for the sale of franchises.

You may develop advertising materials for your own use at your own cost. As stated above, we must approve these advertising materials in advance and in writing, but if we do not respond within 10 business days after receiving your proposed advertising material, the material is approved.

#### Web Sites

We will provide you with a standardized franchisee web site beginning with your attendance at the Initial Training Program. You may upgrade or enhance your web site at your cost and expense subject to the conditions below. You must comply with the following requirements, and all our other web site requirements, in connection with all web sites you develop and maintain in connection with the Business:

We must host your web site, the costs of which we include in the GRN Bundle Fee you pay us each month. Your web site(s) must conform to our web site requirements, including (for example) those related to format, "look and feel," substantive content, privacy policies, technical performance and overall up-time. We currently require no specific hardware, software or other elements of web equipment or connectivity, and you can currently buy them from any source that we approve. We will have the right to monitor your web site at all times.

5. The “Summary” section of Item 17(v) (captioned “Choice of forum”) of the Franchise Disclosure Document is amended to read as follows:

Any dispute not subject to arbitration must be filed in DuPage County, Illinois or the county where our principal office is located (if outside Illinois), although, subject to your arbitration obligation, nothing in the Franchise Agreement affects your right under the Maryland Franchise Registration and Disclosure Law to sue in Maryland for claims arising under that law.

6. The “Summary” section of Item 17(w) (captioned “Choice of law”) of the Franchise Disclosure Document is amended to read as follows:

Illinois law applies, without regard to its conflicts laws, except for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## **MINNESOTA**

1.     The following language is added as the last paragraph of Items 5 and 7:

Based upon our financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your GRN Business has opened. You must pay us the initial fees and payments on the day you open your GRN Business.

2.     ~~1.~~The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement.

Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by law with respect to claims arising under Minn. Rule 2860.4400D.



**RIDER TO THE GLOBAL RECRUITERS NETWORK, INC.  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

This Rider is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date") (regardless of the dates of the parties' signatures) by and between **GLOBAL RECRUITERS NETWORK, INC.**, a Delaware corporation ("we," "us," or "our"), and \_\_\_\_\_ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the GRN Business that you will operate under the Franchise Agreement will be operated in Minnesota; and/or (b) any of the franchise offering or sales activity occurred in Minnesota.

2. **FEE DEFERRAL.** The following language is added to the end of Section 5.01 of the Franchise Agreement:

Based upon our financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and your Business has opened. You must pay us the initial fees and payments on the day you open your Business.

3. ~~2-~~**RELEASES.** Section 4.03(5) and Section 14.04(10) of the Franchise Agreement are amended by adding the following:

, provided, however, that any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. ~~3-~~**TERMINATION OF AGREEMENT.** The following language is added to the end of Section 17.06 of the Franchise Agreement:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

5. ~~4-~~**GOVERNING LAW.** The following language is added to the end of Section 29.03 of the Franchise Agreement:

**HOWEVER, NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, WE WILL COMPLY WITH MINN. STAT. SEC. 80C.14, SUBDS. 3, 4, AND 5 WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIED CASES, THAT YOU BE GIVEN 90 DAYS' NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS' NOTICE OF NON-RENEWAL OF THE FRANCHISE AGREEMENT.**

6. ~~5-~~**VENUE.** The following language is added to the end of Section 29.04 of the Franchise Agreement:

**HOWEVER, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE**



**CONDUCTED OUTSIDE MINNESOTA. NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM, OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.**

7. ~~6.~~ **LIMITATION OF CLAIMS.** Section 21.01 of the Franchise Agreement is amended by adding the following language:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the date stated on the first page above.

**GLOBAL RECRUITERS NETWORK, INC.,** a  
Delaware corporation

**FRANCHISE OWNER**

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

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

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

\_\_\_\_\_  
[Signature]

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_