

FRANCHISE DISCLOSURE DOCUMENT
FIRST CHOICE BUSINESS BROKERS, INC.
a Nevada Corporation
851 South Rampart Blvd., Suite 200
Las Vegas, Nevada 89145
Phone: (702) 368-2500 Website: www.fcbbi.com

The franchise offered is for the operation of First Choice Business Brokers unit franchise which offers business brokerage, valuations, consultation and various other services for business purchases, sales, resales and acquisitions under the name of First Choice Business Brokers.

The total investment necessary to begin operation of a FIRST CHOICE franchise is between \$69,150 and \$98,100. This includes \$54,000 ~~to \$54,495~~ that must be paid to the franchisor or its affiliate(s).

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 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 our corporate office at 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145 or via telephone at (702) 368-2500.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contracts 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. 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: March 28, 2025

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 or litigation only in Nevada. 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 or litigate with the franchisor in Nevada than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's ability to provide services and support to you.

~~5. **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.

Type of Expenditure (Note 1)	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
TOTAL (Note 11)	\$69,150	<u>\$98,100</u>			

1. Refundability; Financing. Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors and suppliers will decide if payments to them are refundable. We do not finance any portion of the initial investment.

2. Training and Kickstart Marketing Fee . The Training and Kickstart Marketing Fee is \$14,000. This fee pays in part for you to attend our initial training program and for us to provide you with the following Kickstart Marketing Program:

- A. **Initial Set Up**, which includes FCBB.Com Website and 2,000 Direct Mailers.
- B. **12 Month Marketing Plan**, which includes: (i) Contact Search Platform 8,000 - 10,000 Businesses loaded in your CRM; (ii) Contact Search and List Generation Platform Seat; and (iii) Drip Campaign to your CRM.
- C. **6 Month Plan** provided by a marketing vendor we select, which includes: (i) Social Media Management; (ii) LinkedIn Outreach; (iii) Webinar/Video/eBook; (iv) Paid Ads Management Social Media; (v) Graphic Design/Landing Page; and (vi) Monthly SEO/Blogging.

3. Travel and Living Expenses to Attend Training. Our initial training program is conducted through a self-guided webinar-based training modules and interactive training modules. While the primary training is conducted via webinars, portions of the initial training program may be held at our headquarters in Las Vegas, Nevada. If in-person training is required, you will be responsible for any associated travel and living expenses. These costs will vary depending on whether any travel or lodging is involved or not.

4. Real Estate/Rent. Having a professional office environment enhances your ability to meet with clients, build credibility, and expand your business by hiring and supporting agents. While you are not required to purchase real estate to operate your Franchised Business and may work from a home office if you do not have agents (Associates), we strongly encourage you to consider establishing a virtual office with a unique business address or securing a dedicated office space. Any location you choose must be approved by us and must fall within your Designated Territory. [The low end of the rent figure assumes you will not have an office, the high-end rent is based on you renting an office with a minimum of 600 square feet of space, which will generally be located in a shared office building or standalone office space.](#)

5. Real Estate Deposit and Improvements. Please note that there are substantial variations in the cost of leased premises and necessary improvements. You should look for space that does not require you to make any leasehold improvements, but it may not always be possible to find office space which does not require any improvements to the space at all. Your costs for improving your space will vary, depending on the location and condition of the premises.

You may be required to make a security deposit as a condition of leasing the location for your Franchised Business. Typically, a landlord will require a security deposit equal to one month's rent and payment of one month's rent before giving you possession of the leased premises.

6. Office Furniture, Equipment, and Computers. You will need basic office furniture, equipment, and computers. Your costs will vary depending on the size of your office and how many of these items you may already have.
7. Pre-Opening Marketing. The pre-opening initial advertising primarily includes marketing materials, ad placements, regular consumer advertising, and listings on platforms like bizbuysell.com. You have the option to invest more if you wish to accelerate the growth of your Franchised Business.
8. Insurance. We describe our requirement that you purchase insurance in Item 8, which includes the types of insurance policies and minimum coverages you must obtain. Your insurance costs may vary.
9. Vehicle Cost. We do not require you to purchase or lease a vehicle for your Franchised Business. However, you will at times make site visits to your clients, so you must either have a vehicle or acquire one. Your vehicle costs may vary, depending on whether you need to purchase or lease a car or not and the age and type of car you have or acquire and fuel and insurance costs in your area.
10. Additional Funds-3 months. This line item estimates the funds (working capital) you will need to cover your pre- and post-opening expenses, which can include initial employee wages, utility deposits, accounting fees, legal fees, licenses, permit costs, sales taxes, and dues (including dues for belonging to such entities as Better Business Bureau, and Chamber of Commerce; you may choose to affiliate with other trade associations as you desire), as well as additional operating capital for other variable costs (e.g., electricity, telephone, heat, Internet service, Internet setup, etc.), paper, cleaning, and other supplies. It also includes the minimum initial inventory of the brochures, software, and other items that we require you to purchase prior to opening.
11. The amounts listed in this item are only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. The above figures do not include any provision for managerial salaries or draws by you based upon the assumption that you will be the full-time manager of the business.

You should conduct your own independent investigation of the costs of opening a business sales/brokerage business in the geographic area in which you intend to open the Franchised Business. ~~You should also review the figures stated in this Estimated Initial Investment Item 7 carefully with a business advisor before making any decision to purchase a First Choice franchise.~~

In compiling this chart, we relied on the experience of our current affiliates and our prior affiliate, Las Vegas 101, in running a similar concept to the franchise being offered to you, as well as the experience of our management team in franchising this concept.

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

Advertising Materials and Website

All advertising and promotion by you, in any manner or medium, must be conducted in a dignified manner and must conform to our standards and specifications. You will need to display the Marks in the manner required by us on all promotional materials used in the Business. We must approve all

We do not have local or regional advertising cooperatives, nor do we require you to participate in such a cooperative.

Brand Fund Committee

We have an advertising council comprised of franchisees in good standing, the Brand Fund Committee (the "BFC"). The BFC is comprised of seven franchisee members plus two non-voting members (one is our representative and the other a person with experience in marketing). Members serve for one-year terms and are eligible to serve consecutive terms. Members are nominated by franchisees and are elected by majority rule; one franchise agreement equals one vote. While recommendations regarding use of the Brand Fund will be made by the BFC, these recommendations are merely advisory, and we retain veto power over any advertising recommendations made by the BFC. We will exercise this veto power only in exceptional circumstances and, if we do so, we will give the BFC the opportunity to modify its decision or submit a new proposal. We have the ability to dissolve the BFC.

Kickstart Marketing

As part of the Training and Kickstart Marketing Fee, we provide you with the following Kickstart Marketing Program:

- A. **Initial Set Up**, which includes FCBB.Com Website and 2,000 Direct Mailers.
- B. **12 Month Marketing Plan**, which includes: (i) Contact Search Platform 8,000 - 10,000 Businesses loaded in your CRM; (ii) Contact Search and List Generation Platform Seat; and (iii) Drip Campaign to your CRM.
- C. **6 Month Plan** provided by a marketing vendor we select, which includes: (i) Social Media Management; (ii) LinkedIn Outreach; (iii) Webinar/Video/eBook; (iv) Paid Ads Management Social Media; (v) Graphic Design/Landing Page; and (vi) Monthly SEO/Blogging.

You also have the option to extend the services provided by the marketing vendor by 4 additional months for an additional fee of \$4,300, which includes SEO/ LinkedIn/ Social/Meta Ads.

Websites

Websites (as defined below) are considered as "advertising" and are subject (among other things) to our review and prior written approval before they may be used (as described above). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the FIRST CHOICE Business, Marks, us, or the System. The term Website includes Internet and World Wide Web home pages, as well as any identity on a social networking or social media site.

You cannot establish a Website related to the Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. A Website will be created and maintained for you by our outside supplier (the "Franchise Website"), which will be paid for by you through the monthly software fee that we charge you. (Franchise Agreement, Section 12.6)

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

As a franchisee, you are encouraged but not required to personally operate your Franchised Business. In either case, there are no restrictions on your ability to hire employees or appoint Associates to operate or assist you in the operation of your Franchised Business.

If you (as an individual, or if you are an entity, any of the franchise owners) will not personally operate the Franchised Business, then, prior to the commencement of operations at the Franchised Business, you must designate one or more individuals (the “**Key Person**” or “**Key Personnel**”) who will be responsible for general oversight, management of the operations and recruiting Associates for the Franchised Business. We do not place any limits on who you can hire as your Key Person(nel); however, any Key Person is subject to our prior approval and any Key Person that you hire or appoint must successfully complete our training program. We do not require your Key Personnel to have any equity or ownership interest in your business. In the event the person or persons designated as the Key Person dies, becomes incapacitated, leaves your employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, you must promptly designate a new Key Person, subject to our reasonable approval.

Our franchise model allows (but does not require) you to build a team of Associates. However, any Associate that you hire may not do any blanket/mass marketing to solicit new clients outside your Designated Territory (including direct mail, online advertising, telemarketing, and other direct marketing strategies for business listings).

At our request, you must obtain and furnish to us non-disclosure and non-competition covenants in a form and substance satisfactory to us (including covenants applicable upon the termination of a person’s relationship with you) from any or all of the following persons: (a) the Key Personnel; (b) all managers and any other personnel employed by you who have received or will receive training from us; and (c) all officers, directors, partners, principals, lenders, and other holders of a beneficial interest of five percent or more of your securities or equity interests, and of any corporation or other entity directly or indirectly controlling, controlled by, or under common control with you. Our current form Confidentiality and Non-Competition Agreement is attached to the Franchise Agreement as Schedule 5.

You are required to have those individuals with an ownership interest in the Franchised Business (but not their spouses, if applicable) enter into the Guaranty, Indemnification and Acknowledgement attached to both the Franchise Agreement as Schedule 2.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You can offer, rent, and sell only those goods and services that conform to our standards and specifications. You need to comply with the standards and policies in the Manuals. All goods and services offered in your business must be approved by us. We may add additional authorized services and products that you must offer, and delete items when we deem appropriate, and there are no limits on our right to do so.

You may determine the prices at which you sell the products and services of the Franchised Business, as well as the terms and conditions of sale for such products and services. We may, from time to time,

[These Commission figures are derived from the actual historical performance of Franchised Businesses during the 2024 calendar year.](#) As of December 31, 2024, there were 110 Franchised Businesses operating out of 74 offices (an “Office”). If there were multiple Franchised Businesses operating out of one Office, the Franchised Business reported Gross Revenue to us by Office and did not break it down by Franchised Business. Each Franchised Business operates in one Designated Territory.

The first table below includes average Commissions from 46 Franchised Businesses operating in 13 Offices that had sold listings in 2024 divided by thirds. All of these Offices own multiple Franchised Businesses. The second table below includes average Commissions from 33 Franchised Businesses operating in 33 Offices that had sold listings in 2024 divided by thirds. All of these Offices only operate a single Franchised Business. “Commissions” includes the Gross Revenue attributable to commissions and referral fees, but do not include the Franchised Businesses’ Gross Revenue attributable to other revenue streams, including revenue from management services or consulting fees. Average Commissions is calculated by taking an Office’s total Gross Revenue attributable to commissions and referral fees and dividing it by the total number of sold listings during the calendar year ending December 31, 2024.

We did not include information about the remaining 30 Franchised Businesses operating in 28 Offices because they [\(i\) opened in 2024 and were in operation for less than 12 months \(of which there were 14 Offices\), \(ii\) opened before 2024 and have not completed any transactions, or \(iii\) did not report any listings to us in 2024 \(including 14 Offices that opened in 2024\).](#) We also did not include information about the 7 Franchised Businesses that ceased operations in 2024, none of which were in operation for less than 12 months.

Offices with Multiple Franchised Businesses for the 2024 Calendar year						
	# of Offices	Average Commission	# (and %) that Met or Exceeded Average	Highest	Lowest	Median
Top third	4	\$267,825	1 (25%)	\$367,000	\$217,375	\$243,463
Middle third	4	\$144,537	1 (25%)	\$208,998	\$112,500	\$128,325
Botton third	5	\$68,810	3 (60%)	\$111,000	\$23,650	\$84,600

Offices with a Single Franchised Business for the 2024 Calendar year						
	# of Offices	Average Commission	# (and %) that Met or Exceeded Average	Highest	Lowest	Median
Top third	11	\$987,575	3 (27%)	\$4,450,233	\$197,356	\$348,420
Middle third	11	\$140,698	3 (27%)	\$195,000	\$109,875	\$133,035
Botton third	11	\$26,995	5 (45%)	\$77,718	\$3,420	\$21,250

Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than as described above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jeffrey Nyman at First Choice Business Brokers, Inc., 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145, (702) 368-2500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For the years 2021 through 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	38	54	+16
	2023	54	81	+27
	2024	81	109 <u>110</u>	+28 <u>+29</u>
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	38	54	+16
	2023	54	81	+27
	2024	81	109 <u>110</u>	+28 <u>+29</u>

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than to Franchisor)
For years 2021 through 2023

State	Year	Number of Transfers
Arizona	2022	0
	2023	1
	2024	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2024	2	0	0	0	0	0	2
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
South Dakota	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	1	0	0	0	0	0	1
	2023	1	7	0	1	0	0	7
	2024	7	0	0	0	0	0	7
Texas	2022	3	1	1	0	0	0	3
	2023	3	7	0	0	0	0	10
	2024	10	0	1	0	0	1	8
Utah	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	3	1	0	0	0	5
Virginia	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Washington	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total Outlets	2022	38	22	2	1	0	3	54
	2023	54	29	1	1	0	0	81
	2024	81	36	4	1	0	2	109 110

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2022	0	0	0	0	0	0

**MARYLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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

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

3. A 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.

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 4 of the Franchise Agreement is modified to also provide: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement."

6. [Section 27 of the Franchise Agreement is deleted in its entirety.](#)

7. 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.

FRANCHISEE

By: _____
Name: _____
Title: _____

**MINNESOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. 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 agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the Franchisor 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 for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The [FCBB 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.

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

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the Franchisor obtaining injunctive relief. The [FCBB Franchisor](#) may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 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) 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.

[Signature Page Follows]

**NEW YORK ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS ~~WHICH~~THAT ARE LESS FAVORABLE ~~SET~~THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or 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