FRANCHISE DISCLOSURE DOCUMENT

Cereset, LLC
An Arizona limited liability company
15150 N. Hayden Road
Scottsdale, Arizona 85260
Phone: (480) 265-8800
E-Mail: ~~**Lee.gerdes@brainstatetech**~~**Russ@Cereset.com**
Website: www.brainstatetech.com

Cereset, LLC offers franchises for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep.

The total investment necessary to begin operation of a Cereset franchise ranges from $104,400 to $226,600. This includes $72,000 to $108,500 that must be paid to us or our 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 the franchisor at 15150 N. Hayden Road, Scottsdale, Arizona 85260 or by phone at (480) 265-8800.

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 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 (the "FTC"). 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 22, 2024 (amended June 26, 2024)

helps your brain let go of stuck patters that may be impacting the person's physical and emotional well-being.

The brain relaxation neuro-technology utilized by Cereset franchisees is non-invasive and is not a medical procedure. Cereset makes no medical claims and is not subject to regulation by the FDA.

We will grant you a license to use certain logos, service marks and trademarks, including the service mark "Cereset" (collectively, the "Marks") in the operation of your Business. The "Marks" also include any distinctive trade dress used to identify a Cereset franchised business, whether now in existence or created in the future. You must sign a franchise agreement (the "Franchise Agreement") and operate your Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We have developed a system (the "System") for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep. Distinctive characteristics of the System include proprietary technology and patented software, logo, trade secrets, concept, confidential brand Standards manual and operating system. The operational aspects of a Cereset franchise are contained within our confidential Brand Standards Manual (the "Manual"). You will operate your Cereset franchise as an independent business using the Marks, the System, the Cereset name, as well as the support, guidance and other methods and materials provided or developed by us.

Market and Competition

The target market for Cereset clients includes people suffering from an imbalanced brain which hinders the lack of restful sleep, relaxed execution of tasks and learning, and attainment of overall wellbeing. A Cereset franchisee may compete primarily with consciousness raising or meditation providers, other providers of neurofeedback, rehabilitation and/or behavioral health services which seek to support relaxation. Some of these businesses are independently owned and operated while others may be part of a regional or national chain.

Cereset services are part of the emerging wellness industry for brain health. The overall wellness market is highly fragmented with no distinct leader. The Cereset service is unique, non-invasive, and offers health-minded consumers support toward many aspects of wellness which depend upon brain balances. A key benefit of Cereset is its ability to support restful sleep by relaxing the brain. Consequently, a very large portion of the general population are potential customers.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. Some jurisdictions have passed laws that require businesses to pay employees a higher minimum wage than is required under federal law. As noted above, Cereset is non-invasive and is not subject to FDA requirements. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

~~Lee Gerdes – Chief Executive Officer~~

~~Lee Gerdes has served as our Chief Executive Officer since April of 2018. From 2003 to present, Mr. Gerdes has also served as Founder and Chief Executive Officer of Brain State Technologies LLC in Scottsdale, Arizona.~~

Russell Scholl – President and Chief Financial Officer

Russell Scholl has served as our President and Chief Financial Officer since April of 2018. From June 2015 to

present, Mr. Scholl has also served as Chief Financial Officer of Brain State Technologies LLC in Scottsdale, Arizona.

ITEM 3 LITIGATION

Except for the 1 action listed below, no litigation is required to be disclosed in this Item.

Polly Nelson vs. Brain State Technologies, LLC, Braintellect, LLC and Lee Gerdes (Case No: 3:15-cv-00985); Polly Nelson v. Brain State Technologies, LLC, Braintellect, LLC and Lee Gerdes (Case No: 2:16-cv-01457-SPL)

On September 14, 2015, Polly Nelson filed a lawsuit against our affiliates, Brain State Technologies, LLC (BST) and Braintellect, and our former Chief Executive Officer, Lee Gerdes (in his capacity as Chief Executive Officer of BST) in the United States District Court for the Middle District of Tennessee, Nashville Division. The Complaint alleged the plaintiff purchased two licenses from BST (one on December 8, 2008 and another on April 13, 2009) allowing her to use BST's brain harmonization technology for purposes of operating a business in Tennessee. With respect to BST, the Complaint alleged that the "licenses" were "franchises" and the sale of the licenses was an unfair and deceptive trade practice in violation the Tennessee Consumer Protection Act because the defendants failed to provide her with a Franchise Disclosure Document in compliance with the federal franchise disclosure law and failed to provide her with information material to her investment decision. With respect to Mr. Gerdes, the Complaint alleged that he engaged in an unfair and deceptive trade practice in violation the Tennessee Consumer Protection Act by making disparaging statements that interfered with her business relationships. The Complaint also alleged that the defendants entered into a civil conspiracy with each other to interfere with her prospective business relationships. The Complaint sought actual damages of $182,107 for amounts paid to BST and $28,449 for amounts paid to Braintellect, treble damages and recovery of attorneys' fees and costs. In the alternative, plaintiff sought rescission of her contracts with the defendants and judgment against the defendants for incidental damages. She also sought punitive damages. On May 11, 2016, the Court granted the defendants' motion to transfer the case the Arizona.

On May 11, 2016, the Court in Tennessee transferred the case to Arizona. On August 9, 2016, the plaintiff filed an Amended Complaint on behalf of herself and all others similarly situated, in the United States District Court for the District of Arizona. The Amended Complaint alleged that: (i) if the sale of the licenses were not "franchises" then, in the alternative, the sale of the licenses violated Arizona's business opportunities law; (ii) Mr. Gerdes violated the Racketeer Influenced and Corrupt Practices Act by operating his businesses through a pattern of racketeering designed to defraud the purchasers of the licenses; and (iii) the sale of the licenses violated the Arizona Consumer Fraud Act due to failure to disclose material information. The Complaint sought to certify a class and requested that the court award the class members rescission, unspecified damages, treble damages, restitution, attorneys' fees and costs.

The parties participated in a Settlement Conference on January 5, 2017. Following the Settlement Conference, the parties agreed to resolve all claims in the actions listed above pursuant to a Confidential Settlement Agreement dated January 25, 2017.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay a $35,000 franchise fee for your franchise. The entire initial franchise fee is payable in full at the

Brain State IP Holdings, LLC mutually agree to terminate the License Agreement or if we breach Brain State IP Holdings, LLC's the quality control standards and fail to cure the breach within a 60 day cure period. If the License Agreement is terminated, the agreement 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. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name "Cereset" and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Cereset franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. We will determine a DBA using a naming convention such as "Cereset of [location]" or similar for your Business based on your location. You may not use the Cereset name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our right to the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

On August 10, 2017, our founder and former Chief Executive Officer, Lee Gerdes, filed a utility patent application entitled Devices, Systems and Methods for Monitoring Brain Activity and for Enabling Brain to Rebalance (US Patent Application Serial No.: 15/550,200). The patent was issued on July 24, 2018 (U.S. Patent Registration No. 10,029,067) for a duration of twenty years. The patent is an essential component of our proprietary technology utilized by our franchisees. No other patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website, articles or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Cereset business, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual.

from that included in 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, for example, by providing information about possible performance at a particular location or under particular circumstances.

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 Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting ~~Lee Gerdes~~Russell Scholl at ~~-~~15150 N. Hayden Road, Scottsdale, Arizona 85260 or by phone at (480) 265-8800.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2021	24	29	+5
	2022	29	45	+16
	2023	45	54	+9
Company-Owned	2021	2	2	0
	2022	2	1	-1
	2023	1	1	0
Total Outlets	2021	26	31	+5
	2022	31	46	+15
	2023	46	55	+9

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023		
State	**Year**	**Number of Transfers**
California	2021	1
	2022	1
	2023	0
Kansas	2021	0
	2022	1
	2023	0
Texas	2021	0
	2022	0
	2023	2

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
California	1	2	0
Colorado	1	1	0
Florida	0	2	0
Hawaii	0	1	0
Oklahoma	0	1	0
South Carolina	0	1	0
Texas	0	1	0
Wisconsin	1	1	0
Total	3	12	0

Notes:

1. In 2023, 1 California outlet was voluntarily terminated by the franchisee prior to opening.

Our fiscal year ends on December 31st. All references to years in these tables refer to December 31 of that year. A list of all current Cereset franchisees is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "E" (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, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure 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 sign provisions restricting their ability to speak openly about their experience with us. 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.

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

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements for Cereset, LLC for the fiscal years ended December 31, 2023, December 31, 2022 and December 31, 2021 are attached to this Disclosure Document as EXHIBIT "F". In addition, an unaudited balance sheet as of April 30, 2024 and an unaudited statement of operations from January 1, 2024 through April 30, 2024 are attached to this Disclosure Document as EXHIBIT "F". 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.

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CERESET, LLC

INTERIM FINANCIAL STATEMENTS

INTERIM BALANCE SHEET (unaudited)
April 30, 2024

ASSETS:		
Cash and equivalents	$	257,045
Accounts Receivable	$	75,357
Note Receivable	$	600,000
TOTAL ASSETS	$	932,402
LIABILITIES AND EQUITY:		
Accounts Payable	$	6,400
Deferred Revenue	$	714,703
Member's Equity	$	184,257
Net Income	$	27,042
TOTAL ASSETS AND MEMBER'S EQUITY	$	932,402

INTERIM STATEMENT OF OPERATIONS (unaudited)
Four Months Ended April 30, 2024

REVENUE	$	333,953
EXPENSES		306,911
INCOME (LOSS)	$	27,042

NOTE - Cereset, LLC is organized under the laws of Arizona as a limited liability company. The financial statements presented above have not been reviewed or audited by an independent CPA firm.

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 Cereset, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. 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 Cereset, 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, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Russell Scholl; 15150 N. ~~Lee Gerdes; 15150 N.~~ Hayden Road, Scottsdale, Arizona 85260; (480) 265-8800

~~Russell Scholl; 15150 N. Hayden Road, Scottsdale, Arizona 85260; (480) 265-8800~~

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~~Issuance Date: April 22, 2024~~

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Issuance Date: April 22, 2024 (amended June 26, 2024)

Cereset, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "E"	List of Franchisees
EXHIBIT "F"	Financial Statements of Cereset, LLC
EXHIBIT "G"	Franchisee Disclosure Questionnaire
EXHIBIT "H"	General Release
EXHIBIT "I"	State Addenda and Agreement Riders
EXHIBIT "J"	State Effective Dates
EXHIBIT "K"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(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 Cereset, LLC.)

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Russell Scholl; 15150 N. Hayden Road, Scottsdale, Arizona 85260; (480) 265-8800

_____; _____; _____

Issuance Date: April 22, 2024~~Russell Scholl; 15150 N. Hayden Road, Scottsdale, Arizona 85260; (480) 265-8800~~

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