



November 18, 2024

Josh Piper
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VIA MINNESOTA WEB PORTAL

Securities-Franchise Registration
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

Subject: 1073355 Ontario Limited – Schooley Mitchell Franchises
Franchise Renewal Application
Minnesota File No.: 11041

Ladies and Gentlemen:

We received your Deficiency Notification of September 16, 2024, and we respond as follows:

- 1) The Minnesota Addendum has been revised to include the requested language.

Attached are blacklined pages of the FDD, marked to show all changes from the version last filed with your office. The changes include those requested by your office and also those requested by other state franchise examiners.

If you have further questions or comments regarding this application, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JP' with a stylized flourish.

Josh Piper

Enclosures

4859-8716-6958.1

FRANCHISE DISCLOSURE DOCUMENT

SCHOOLEY MITCHELL®

1073355 Ontario Limited
Operating as Schooley Mitchell®
Head Office: 1030 Erie Street
Stratford, Ontario, N4Z 0A1
888-311-6477
www.schooleymitchell.com

As a franchisee, you will operate a consulting business specializing in the provision to the public of cost reduction consulting services in various expense categories, and other consulting services and other related products and services under the name SCHOOLEY MITCHELL® under certain standards of operation.

The total investment necessary to begin operation of a standard or builder SCHOOLEY MITCHELL® franchise is from \$70,500 to \$80,750. This includes \$69,000 that must be paid to the franchisor. The total investment necessary to begin operation of a development SCHOOLEY MITCHELL® franchise is from \$252,500 to \$262,750. This includes \$251,000 that must be paid to the franchisor.

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 SCHOOLEY MITCHELL, 1030 Erie Street, Stratford, Ontario, N4Z 0A1, 888-311-6477

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 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, 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: July 22, 2024

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 License Agreement requires you to resolve disputes with the franchisor by arbitration and litigation only in Michigan. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and litigate with the franchisor in Michigan than in your own state.
2. **Minimum Royalty and Advertising Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Turnover Rate.** During the last 3 years, 67 outlets were terminated, not renewed, reacquired, 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..

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.

Notes:

1. The cost of the pre-opening training program, which you and your designees must attend, is paid for by us. However, the costs of transportation, accommodation, living expenses and salary incurred by you and your designees required to attend the training course are your sole responsibility. All training has been virtual since March, 2020.
2. If you don't already own one, you must obtain a computer, fax software, telephone line, and scanner and appropriate printer.
3. A Schooley Mitchell franchise may be operated from a home-based office. If you decide to operate from an office outside of your home, you may be responsible to pay the costs of office construction, equipment and furnishings. Some of our franchisees do operate offices from outside of their homes. These offices are typically small. Necessary office furniture and equipment would consist of a desk, chair and filing cabinet at an initial total cost of approximately \$1,500. We do not require a specific size for your office. Variables that affect the cost of rental for your premises include property location, improvements, street access, real estate taxes, common area maintenance and the like. You should thoroughly investigate the cost of business premises and all other initial investment costs in your market.
4. Deposits could include security deposits, insurance, utilities, licenses, professional fees, and inventory. You may be required to obtain certain federal and state licenses to operate your business. With respect to professional fees, you will need to employ an attorney, an accountant and other consultants to assist you in establishing your business. The initial inventory required consists of certain sales materials, pictures, sales aids, and other materials to assist in sales activities.
5. If you decide to operate an office outside of your home, you may be required to give a lease security deposit, which may be non-refundable and is paid directly to the landlord of the premises. Your office lease may require you to obtain certain insurance coverage. If you decide to operate an office, you may need to provide deposits for utilities. The amount of these deposits will vary depending on the practices of the utility companies. We have included in this amount the sum of \$1500 representing a security deposit equal to 2 months' rent.
6. Some of our franchisees do operate offices from outside of their homes. These offices are typically small. Rent ranges from \$350 to \$750 per month.
7. Additional Funds is an estimate of your additional start-up expenses, which will be incurred before operations begin and during the initial phase of your franchise. These expenses include payroll and advertising costs. We relied on our experience in operating and franchising SCHOOLEY MITCHELL® businesses to compile this estimate.
8. The variances in the ranges contained in this chart are based on our experience in franchising businesses of this type.
9. 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 part of your initial investment.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the SCHOOLEY MITCHELL® franchise System. You are not prohibited by the Franchise Agreement from using the name of a public figure or celebrity in your own promotional efforts or advertising; however, all advertising requires our prior approval.

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 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.

This is a historic financial performance representation of active franchisees that operate a franchise substantially similar to the type offered in this Disclosure Document. The following tables present unaudited information about the historical Annual Secured Revenue generated by 163 of our franchisees during the 12 months ending May 31, 2024 (the "Reporting Year"). "Annual Secured Revenue" means the revenue a franchisee has received or expects to receive under all franchisee customer contracts that were signed during the Reporting Year. For example, if during the Reporting Year a franchisee signed a contract with a customer achieving that customer \$60,000 in savings over three years and earning the franchisee a \$30,000 commission from the customer paid over the life of that contract, that franchisee has obtained \$30,000 of Annual Secured Revenue in the Reporting Year. Annual Secured Revenue does not include any deductions for fees, costs, or expenses.

The financial performance information is separated into two tables—one for Full-Time Franchisees and one for Part-Time Franchisees—which reflects the two different modes in which our franchisees have historically operated. We have delineated "Full-Time Franchisees" as those franchisees who devote at least 15 hours of work per week to the franchised business. "Part-Time Franchisees" are those franchisees who devote less than 15 hours or work per week to the franchised business. We surveyed our franchisees on the number of hours each worked per week in order to categorize their financial performance information for this Item 19.

The franchise information contained in this Item 19 does not include data for (i) company-owned and company-affiliated outlets; (ii) the 18 franchisees who ceased operating during the Reporting Year, including 1 that closed after being open less than 12 months; and (iii) the 44 new franchisees that began operating during the Reporting Year.

**CALIFORNIA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT
OF 1073355 ONTARIO LIMITED**

1. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

~~2. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:-~~

~~2. 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 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.~~

~~Any provision of a franchise agreement, franchise disclosure document, acknowledgement, 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.-~~

3. 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.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise License Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise License Agreement contains a convening not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise License Agreement requires arbitration to occur in Detroit Michigan, and you must travel to Detroit Michigan and pay the expenses you incur in this arbitration proceeding. This provision may not be enforceable under California law. However, we and you acknowledge and agree that we intend to enforce fully the provisions of the

arbitration section contained in the Franchise License Agreement. We believe that the Federal Arbitration Act preempts any state law purporting to limit arbitration.

The Franchise License Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law, but we will enforce it to the extent enforceable.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR 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 AND PROFESSIONS CODE §§20000 THROUGH 20043).

5. Neither the franchisor or any person in Item 2 of the UFOC 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.

6. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

7. The highest interest rate allowed by law in California is 10% annually.

8. OUR WEBSITE www.schooley-mitchell.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at www.dfpi.ca.gov.

9. California franchisees shall not answer or complete the Disclosure Acknowledgement Statement in Exhibit H to the Disclosure Document as attached.

10. Sections 1.5, 21.10, and 21.11 of the Franchise License Agreement are deleted.

11. 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 License Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

12. The Franchise License Agreement contains 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.

13. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection

of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development franchise addendum, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise License Agreement dated the ____ day of _____, 20__, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Dated this ____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT)

1073355 Ontario Limited

By: _____

By: _____

Title: _____

Title: _____

**MINNESOTA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE LICENSE AGREEMENT**

The following modifications are to the 1073355 ONTARIO LIMITED Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise License Agreement dated _____, 20__.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, the Franchise License Agreement and Item 13 of the Disclosure Document are amended to state that we will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise License Agreement; and that consent to the transfer will not be unreasonably withheld.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subdivision 5.

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

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Disclosure Document and Franchise License Agreement are modified accordingly, to the extent required by Minnesota law.

In accordance with Minnesota Rule 2860.4400J, to the extent required by law, the Disclosure Document and the Franchise License Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

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.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

**WASHINGTON ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE LICENSE AGREEMENT, AND RELATED AGREEMENTS
OF 1073355 ONTARIO LIMITED**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise license 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 license agreement in your relationship with us including the areas of termination and renewal of your franchise. However, you acknowledge and agree that we intend to enforce our Franchise License Agreement to the extent allowed under the Act.

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 license 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.

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. However, you acknowledge and agree that we intend to enforce our Franchise License Agreement to the extent allowed under the Act.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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 license 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 license agreement or elsewhere are void and unenforceable in Washington.

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.

Sections 1.5, 21.10, and 21.11 of the Franchise License Agreement are deleted.

The Disclosure Acknowledgement Statement attached as Exhibit H to the Disclosure Document does not apply to Washington franchisees.

In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise License Agreement or Disclosure Document, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business franchisee opens under the Development Franchise Addendum, payment of the franchise fee will be released proportionally with respect to each franchise satellite opened and until franchisor has met all its pre-opening obligations under the Franchise License Agreement and franchisee is open for business with respect to each such location.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ____ day of _____, 20____

Prospective Franchisee's Name (PLEASE PRINT) 1073355 Ontario Limited

By: _____ By: _____

Title: _____ Title: _____

State Effective Dates

The following states have franchise laws that 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 | Pending |
| Illinois | Pending September 9, 2024 |
| Indiana | Pending September 22, 2023 |
| Maryland | Pending |
| Michigan | August 30, 2023 2024 |
| Minnesota | Pending |
| New York | Pending October 31, 2024 |
| North Dakota | Pending September 10, 2024 |
| Rhode Island | Pending September 3, 2024 |
| South Dakota | Pending August 27, 2024 |
| Virginia | Pending September 5, 2024 |
| Washington | Pending |
| Wisconsin | Pending August 27, 2024 |

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.