

## FRANCHISE DISCLOSURE DOCUMENT

CROWN TROPHY, INC.  
A New York Corporation  
9 Skyline Drive  
Hawthorne, New York 10532  
Phone: 800-583-8228  
Email: [scott@crowntrophy.com](mailto:scott@crowntrophy.com)  
Website: [www.crownfranchise.com](http://www.crownfranchise.com)

This franchisee will operate a retail location under the name “Crown Trophy” which sells trophies, plaques, medals, desk accessories, laminations, promotional items and other similar products for sporting, education events and for social and business recognition (the “Products”) to retail and commercial customers. Franchisees will also have the opportunity to offer signs and related products and services as part of the franchise, under the name “Signs by Crown.”

The total investment necessary to begin operation of a Crown Trophy franchised business ranges from \$168,150 to \$199,200. This includes initial fees ranging from \$118,000 to \$128,000 that must be paid to the franchisor or affiliate. If a franchisee incorporates the optional “Signs by Crown” business into its Crown Trophy business, the estimated total investment ranges from \$186,150 to \$227,700.

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 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, please contact Scott Kelly at 9 Skyline Drive, Hawthorne, New York 10532, telephone (914) 347-7700, ext. 203.

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, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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.

The issuance date of this Franchise Disclosure Document is April ~~28~~25, ~~2023~~2024.

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

| QUESTION   | WHERE TO FIND INFORMATION  |
|--|--|
| <b>How much can I earn?</b>  | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G. |
| <b>How much will I need to invest?</b>   | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.   |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit H includes financial statements. Review these statements carefully.   |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.   |
| <b>Will my business be the only Crown Trophy business in my area?</b>                    | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.  |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.   |
| <b>What's it like to be a Crown Trophy franchisee?</b>                                   | Item 20 or Exhibits F and G lists current and former franchisees. You can contact them to ask about their experiences.   |
| <b>What else should I know?</b>  | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.  |

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## 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 New York. 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 New York than in your own state.
2. **Mandatory Minimum Payments**: You must make minimum royalty 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. **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.
4. ~~**Unregistered Trademark**: The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~

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.

**ADDENDUM TO THE CROWN TROPHY, INC. DISCLOSURE DOCUMENT  
AND FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT/DEVELOPMENT AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT/DEVELOPMENT AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.
- (D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.
- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.
- (G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST

REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

- (i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
  - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
  - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
  - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT/DEVELOPMENT AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT/DEVELOPMENT AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).
- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

\*\*\*\*\*

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

\*\*\*\*\*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE  
670 G. MENNEN WILLIAMS BUILDING  
LANSING, MICHIGAN 48913

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <u>ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES</u>          | <u>1</u>    |
| <u>ITEM 2 BUSINESS EXPERIENCE</u>   | <u>3</u>    |
| <u>ITEM 3 LITIGATION</u>  | <u>3</u>    |
| <u>ITEM 4 BANKRUPTCY</u>  | <u>3</u>    |
| <u>ITEM 5 INITIAL FEES</u>  | <u>3</u>    |
| <u>ITEM 6 OTHER FEES*<sup>1,2</sup></u>   | <u>4</u>    |
| <u>ITEM 7 ESTIMATED INITIAL INVESTMENT</u>  | <u>7</u>    |
| <u>ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES</u>                      | <u>10</u>   |
| <u>ITEM 9 FRANCHISEE'S OBLIGATIONS</u>  | <u>13</u>   |
| <u>ITEM 10 FINANCING</u>  | <u>14</u>   |
| <u>ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING</u> | <u>14</u>   |
| <u>ITEM 12 TERRITORY</u>  | <u>22</u>   |
| <u>ITEM 13 TRADEMARKS</u>   | <u>24</u>   |
| <u>ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION</u>                      | <u>25</u>   |
| <u>ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE</u>   |             |
| <u>BUSINESS</u>   | <u>26</u>   |
| <u>ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL</u>                         | <u>27</u>   |
| <u>ITEM 17 RENEWAL, TERMINATION <u>TRANSFER AND DISPUTE RESOLUTION</u></u>          | <u>28</u>   |
| <u>ITEM 18 PUBLIC FIGURES</u>   | <u>31</u>   |
| <u>ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS</u>                                | <u>31</u>   |
| <u>ITEM 20 OUTLETS AND FRANCHISEE INFORMATION</u>                                   | <u>32</u>   |
| <u>ITEM 21 FINANCIAL STATEMENTS</u>   | <u>38</u>   |
| <u>ITEM 22 CONTRACTS</u>  | <u>39</u>   |
| <u>ITEM 23 RECEIPTS</u>   | <u>39</u>   |

EXHIBIT A - LIST OF ADMINISTRATORS

EXHIBIT B - AGENTS FOR SERVICE OF PROCESS

EXHIBIT C - STATE APPENDICES

EXHIBIT D - FRANCHISE AGREEMENT

EXHIBIT E - CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F - EXISTING FRANCHISEES

EXHIBIT G - FORMER FRANCHISEES

EXHIBIT H - FINANCIAL STATEMENTS

EXHIBIT I - FRANCHISE DEPOSIT AGREEMENT

EXHIBIT J - GENERAL RELEASE

EXHIBIT K - FRANCHISEE COMPLIANCE CERTIFICATION

EXHIBIT L - RECEIPTS

STATE EFFECTIVE DATES

**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor

To simplify the language in this Disclosure Document, “Crown Trophy,” “we” or “us” means Crown Trophy, Inc., the franchisor. “You” means the franchisee or the person or legal entity, including a corporation, partnership, LLC or other legal entity (collectively “legal entity”) and their owners, officers and directors, who is buying the franchise. We are a New York corporation that was incorporated on March 13, 1985. We do business under our corporate name only. Our principal place of business is 9 Skyline Drive, Hawthorne, New York 10532. We do not have a sales office at any location other than our principal place of business. We do not have any sales organization selling franchises.

Since 1985, we have offered franchises for the establishment of businesses which sell all types of trophies, medals, plaques, ribbons, desk sets, laminations, promotional items and other similar products (the “Products”), for all sporting, educational, business and social events and occasions. We do not own or operate the type of business being franchised, except that our affiliate, Crown Awards, Inc., operates a catalog and Internet based awards business utilizing the Proprietary Marks. Neither we nor our affiliate has ever offered franchises in any other line of business. Our agent for service of process is listed in Exhibit B.

Our Predecessors and Affiliates

We do not have any parents.

Lori’s Trophy and Sporting Goods, Inc. (“Lori’s”), whose principal address is 3024 Avenue U, Brooklyn, New York, was the original owner of the trade name and service mark “CROWN TROPHY.” On March 13, 1985, we acquired from Lori’s all proprietary and property rights in the trade name and service mark “Crown Trophy” and in the decor, style and other unique characteristics of the Crown Trophy shops. At the same time, we gave Lori’s a license to continue to use the Crown Trophy trade name and service mark and other property rights it transferred to us in connection with the continued operation of its single Crown Trophy store located at 3024 Avenue U, Brooklyn, New York (opened in 1978). Lori’s agreed in the license agreement to use the “CROWN TROPHY” mark only in connection with the sport trophy business, to maintain standards of quality and service established by us, to display the mark only in a manner approved by us, and to indemnify us against any claims resulting from Lori’s use of the mark. Lori’s also granted us the right to inspect the products and services it uses in connection with the “Crown Trophy” name and confirmed our ownership of the “Crown Trophy” service mark.

Crown Awards, Inc. is our affiliate (“Awards”). It is a New York corporation formed in 1988. We and Awards operate from the same offices. Awards is a company that offers Products utilizing the Proprietary Marks directly to the public through the Internet and catalogs. It has also been selling Products directly to our franchisees since 1996. It does not grant franchises now nor has it ever sold franchises and does not operate a business of the type to be operated by you, other than its mail order and Internet awards business.

We do not have any other business activities.

The System

The distinguishing characteristics of our system include distinctive exterior and interior design, decor, color scheme, fixtures and furnishings; standards and specifications for equipment, materials and

supplies; methods, uniform standards, specifications and procedures for operations; procedures for management control, training and assistance and advertising and promotional programs, all of which may be changed, improved and further developed by the Franchisor (the “System”).

The System is identified by certain trade names, service marks, marks, trademarks, logos, emblems and indicia of origin, including the mark “Crown Trophy” as are now designated and may in the future be designated by us in writing for use with the System (the “Proprietary Marks”).

### The Franchise Offered

We will offer you a franchise agreement (the “Franchise Agreement”) which grants you the right to establish and operate one “Crown Trophy” physical retail establishment, (the “Franchised Business” or “Store”) at a location we approve (the “Approved Location”). A Crown Trophy Store offers a wide assortment of trophies, awards, medals, plaques and other promotional products. The Franchise Agreement will also grant you the right to use the Proprietary Marks and the System solely in connection with the Franchised Business. The Franchise Agreement will prohibit you from selling or promoting your products through any Internet website or comparable technology, unless specifically approved by us in advance. We will also offer to you, and other franchisees, the opportunity to make and sell custom-made signs for customers. This is an additional product and service that you may offer to your customers. This aspect of your Crown Trophy Franchised Business will be referred to as the “Signs by Crown” business. You are not required to sell “Signs by Crown” products. This Disclosure Document describes the Crown Trophy Business. To the extent there are any differences due to the optional “Signs by Crown” business, or additional costs or expenses, those will be identified in this Disclosure Document. “Signs by Crown” is not a separate franchise or business opportunity, and only Crown Trophy franchises may offer products or services under the “Signs by Crown” brand.

### Market Competition

The market for the Products is well established. You will compete with small and independent operations to sell the Products. The Products offered by you will be sold primarily to businesses, schools, organizations, leagues and individuals. Awards conducts an Internet and catalog business for the Products utilizing the Proprietary Marks throughout the United States. In that connection, Awards may offer and sell trophy and awards products through mail order, the Internet or related outlets and obtain and fulfill orders within your franchise territory.

It is expected that the Franchised Business will occupy retail space in a strip shopping center or plaza.

### Industry-Specific Regulations

We know of no industry-specific laws or regulations which apply to the Franchised Business. You must comply with all local, state, and federal laws that apply to your Store operations, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, etc. You will be required to comply with all applicable federal, state, and local laws and regulations in connection with the operation of your Store. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Store’s operation.

**ITEM 2**  
**BUSINESS EXPERIENCE**

Charles Weisenfeld: President and Chief Operating Officer

Mr. Weisenfeld, a founder of the Company, has served as Director and Chief Operating Officer since March 1985 and as President since April 1999. He works at our headquarters.

Elyse Weisenfeld: Secretary/Treasurer

Ms. Weisenfeld, a founder of the Company, has served as Director since March 1985 and as Executive Vice President since April 1999. She works at our headquarters. Ms. Weisenfeld is also President of Crown Awards, Inc., our affiliate.

Scott Kelly: Executive Vice President - Franchise Operations

From November 1989 to May 1994, Mr. Kelly served as Controller of the Service Division of Savin Corporation located in Stamford, Connecticut. From May 1994 to May 1996, he was employed by us in various capacities, until June 1996 when he became Executive Vice President of Franchise Operations.

John Mooney: Vice President

From November 1997 until December 2000, Mr. Mooney was the Owner/Partner of the Crown Trophy franchise in Boca Raton, FL. Since January 2000, he has been employed by Crown Trophy.

Susan LaGrutta: Executive Assistant and Bookkeeper

Ms. LaGrutta has been with Crown Trophy since April 2001, serving as an Executive Assistant and Bookkeeper.

Note: Unless otherwise indicated, the location of the employer is Hawthorne, New York.

**ITEM 3**  
**LITIGATION**

No litigation or arbitration is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

When you sign the Franchise Agreement, you must pay us an initial franchise fee of \$35,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement and for our lost or deferred opportunity to enter into the Franchise Agreement with others. The Initial Franchise Fee is paid in full at the time you sign the Franchise Agreement. You may be required to pay a \$5,000 refundable deposit (the "Deposit") before signing the Franchise Agreement in order for us to begin assisting you

with market research and the site selection process. If you later choose to enter into the Franchise Agreement, the Deposit will be applied to your payment of the Initial Franchise Fee. If, for any reason, either you or we choose not to enter into the Franchise Agreement, the Deposit will be refunded to you in full.

If you purchase a second franchise, or more, the Initial Franchise Fee is reduced to \$22,500. That franchise fee is non-refundable.

You must also purchase your initial equipment, supplies and from us (the “Start-Up Package”). The approximate cost of the Start-Up Package will range from \$78,000 to \$88,000. Payment of the cost of the Start-Up Package is due in full before commencement of the training program. The cost of the Start-up Package is non-refundable.

**ITEM 6**  
**OTHER FEES\*1,2**

| <b>Type of Fee</b>       | <b>Amount</b>  | <b>Due Date</b>   | <b>Remarks</b>  |
|--------------------------|--|---|---|
| Continuing Service Fee   | Year 1: 5% of gross sales or \$3,750 per year, whichever is greater<br>Year 2: 5% of gross sales or \$7,500 per year, whichever is greater<br>Year 3: 5% of gross sales or \$11,250 per year, whichever is greater<br>Year 4: 5% of gross sales or \$15,000 per year, whichever is greater<br>Year 5: 5% of gross sales or \$17,500 per year, whichever is greater<br>Year 6 and after: 5% of gross sales or \$20,000 per year, whichever is greater | Payable monthly on the 10th day of each month for the prior month | Gross Sales means all revenue related to the Franchised Business, except taxes.   |
| Advertising Contribution | If we establish an advertising fund, 2% of gross sales; we may increase to 3% of gross sales upon written notice to you  | Payable monthly on the 10th day of each month for the prior month | See the remarks about “Gross Sales” above. We may require you to contribute the Advertising Contribution to the Fund (as described in Item 11), or spend the Advertising Contribution on local advertising and promotion, in proportions that we designate. |
| Transfer Fee             | \$12,500 Transfer and Training Fee   | Before commencement   | No transfer fee is imposed for intra-family transfers or  |

| Type of Fee                    | Amount   | Due Date   | Remarks   |
|--------------------------------|--|--|---|
|                                |  | of the Training Program by the person or company to whom you transfer the Franchise. | by individual franchisees to corporations, provided that you remain fully responsible for the Franchisee's day to day operation of the Franchised Business and for all other Franchisee obligations under the Franchise Agreement.            |
| Website Services Fee           | \$1,700 annually   | Payable within 30 days of invoice from us.   | You must pay us within 30 days after you receive our invoice. We may revise the Website Services Fee upon 30-day prior written notice to you. We will not change more than once every year, and will not increase by more than 10%.           |
| Accounting                     | Cost of Audit (Approximately \$2,500 to \$3,000)                 | Payable on Demand  | Payable only if audit reveals understatement of 2% or more  |
| Interest                       | Lesser of 1 1/2% per month, or maximum rate permitted by law     | Payable on Demand  | Payable on overdue amounts  |
| NSF Fee                        | \$100 per returned check, or each instance of insufficient fund  | Payable on Demand  | If your check to us is returned, or your account does not have sufficient funds, we have the right to require that future payments by you be made using a certified, bank, or cashier's check, or some other form of payment specified by us. |
| Additional On-Site Evaluations | Cost of travel, lodging and meals (Approximately \$250 to \$500) | Payable on Demand  | Payable only if we are required to make more than one on-site evaluation related to our initial site approval for the Franchised Business.  |
| Indemnification                | Will vary under circumstances                                    | Payable As Incurred  | You must indemnify us, and reimburse for our costs (including our attorneys' fees), if we are sued or held liable in any case: (a) arising out of your  |

| Type of Fee                             | Amount                                   | Due Date  | Remarks  |
|---|--|---|--|
|   |  |   | operation of the Franchised Business; (b) arising out of your breach of the Franchise Agreement or any other agreement with us or our affiliates; (c) your use of the marks in a manner inconsistent with our instructions. You must indemnify us even if we are negligent, unless (and only to the extent that) the claims, obligations and damages are determined to be caused solely by our gross negligence or misconduct. |
| Cost and Attorneys' Fees                | Will vary under circumstances            | Payable As Incurred   | See remarks for "Indemnification" above.   |
| Approved Supplier / Product Testing Fee | Our reasonable and actual costs incurred | Payable when you request our approval of a proposed supplier or product | You will pay to us the reasonable cost of the inspection and our actual cost of testing the proposed equipment, product, or service, including personnel and travel costs, but in no event less than \$1,000 per proposed item.  |

Notes:

1. All fees are imposed by and payable to us, uniformly imposed, and non-refundable.
2. We have the right to require you to make these payments by Electronic Fund Transfer (or "EFT").

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

| <b>Type of Expenditure</b>  | <b>Amount</b>                         | <b>Method of Payment</b> | <b>When Due</b>                  | <b>To Whom Payment Is To Be Made</b>       |
|---|---------------------------------------|--------------------------|----------------------------------|--|
| Initial Franchise Fee <sup>1</sup>  | \$35,000                              | In Full                  | Upon signing Franchise Agreement | Franchisor                                 |
| Start-Up Package <sup>1</sup>   | \$78,000-\$88,000                     | In Full                  | Before commencement of training  | Franchisor                                 |
| Real Property <sup>2</sup>  | \$4,750-\$7,200<br>(total for 3 mos.) | Monthly                  | As Arranged                      | Lessor                                     |
| Leasehold Improvements; Construction Costs <sup>3</sup>                         | \$5,000-\$10,000                      | Progress Payments        | As Arranged                      | Contractor                                 |
| Signage <sup>4</sup>  | \$1,000-\$3,000                       | As Arranged              | As Arranged                      | Suppliers                                  |
| Furniture & Decor Items and Computer Hardware and Telephone System <sup>5</sup> | \$6,000-\$7,000                       | As Arranged              | As Arranged                      | Suppliers                                  |
| Pre-Opening Salaries, Travel and Initial Training <sup>6</sup>                  | \$1,500-\$3,000                       | As Arranged              | As Arranged                      | Suppliers of transportation, food, lodging |
| Insurance <sup>7</sup>  | \$900-\$1,500                         | As Arranged              | As Incurred                      | Insurers                                   |
| Zoning Expenses <sup>8</sup>  | \$0                                   |                          |                                  |  |
| Utility/Security Deposits <sup>9</sup>  | \$1,500-\$2,500                       | As Arranged              | As Incurred                      | Lessor, Utility Companies                  |
| Professional Fees <sup>10</sup>   | \$1,500-\$3,500                       | As Arranged              | As Incurred                      | Professionals                              |
| Costs/Site Selection <sup>11</sup>  | \$0                                   | As Arranged              | As Incurred                      | Professionals or Franchisor                |
| Ancillary Equipment <sup>12</sup>   | \$3,000-\$3,500                       | As Arranged              | As Incurred                      | Various Parties                            |
| Additional Funds <sup>13</sup>  | \$30,000-\$35,000                     | As Arranged              | Over a 3 month start-up period   | Various Parties                            |
| <b>TOTAL<sup>14</sup></b>   | <b>\$168,150-\$199,200</b>            |                          |                                  |  |

**“SIGNS BY CROWN” ADDITIONAL INITIAL INVESTMENT**

| <b>Type of Expenditure</b>     | <b>Amount</b>              | <b>Method of Payment</b> | <b>When Due</b> | <b>To Whom Payment Is To Be Made</b> |
|--------------------------------|----------------------------|--------------------------|-----------------|--------------------------------------|
| Start-Up Package <sup>15</sup> | \$16,500-\$25,500          | In Full                  | As Arranged     | Suppliers of Equipment               |
| Signage <sup>16</sup>          | \$500-\$2,000              | In Full                  | As Arranged     | Suppliers                            |
| Miscellaneous <sup>17</sup>    | \$1,000                    |                          |                 |                                      |
| <b>TOTAL<sup>18</sup></b>      | <b>\$186,150-\$227,700</b> |                          |                 |                                      |

Except as otherwise noted below, all amounts are non-refundable.

1. The initial franchise fee is \$35,000. The initial franchise fee and Start-Up Package totals between \$113,000 and \$123,000. The franchise fee is paid upon signing the Franchise Agreement and the Start-Up Package is paid before commencement of the training program. The Start-Up Package includes certain items of equipment, supplies, inventory, showroom items, software and set-up costs and assistance. Under certain conditions, you may be able to lease the equipment portion of the Start-Up Package from an independent third-party leasing company, which would reduce the cost of the Start-Up Package. You may be required to pay a \$5,000 deposit against the initial franchise fee before signing the Franchise Agreement. If so, you and we will sign a Franchise Deposit Agreement, a form of which is attached as Exhibit I. If, for any reason, either you or we choose not to enter into the Franchise Agreement, the \$5,000 deposit will be fully refundable to you.
2. You will need at least 1,800 square feet of interior space for the Franchised Business, as well as parking facilities for at least 2-3 automobiles. Parking facilities may include street parking, shopping mall parking lots, or other facilities. The cost per year for leasing commercial space varies considerably depending upon the location and market conditions affecting commercial property. We estimate the costs of leasing commercial space per year to be anywhere from \$19,000 to \$27,000. This figure includes the cost of security deposits of one month’s rent which may be required by the landlord.
3. You must install shelving and lighting systems, which comply with our specifications. The cost will vary depending on the condition of the Premises. Unless otherwise described in the Operating Manual, the installation of shelving and lighting systems is the extent of the Leasehold Improvements and Construction Costs.
4. You must install indoor and outdoor signage. You have \$1,000 toward your signage included in the Start-Up-Package.
5. You must install furniture and decor items. In addition, this estimated cost includes the required computer hardware systems. See Item 11 for additional details.
6. You will incur salary, travel and lodging expenses for yourself, and any of your employees who attend training (if required or permitted). You will also incur expenses associated with our initial training program. For this training program, we provide instructors, instructional materials and

lodging for you, but you will need to arrange for transportation and lodging for your employees and for any wages for the employees (if your employees attend training). The cost will depend on the distance you must travel and the type of accommodations you choose.

7. The figures in the chart are annual expenses of \$900 to \$1,500, calculated annually. In some cases you may be required to pay the entire annual premium initially.
8. Unless you must obtain a variance, waiver or otherwise alter current zoning conditions, you are not expected to incur zoning expenses.
9. We estimate that you will need to provide deposits for utilities. The amount of these deposits will vary depending upon the practices of the utility companies.
10. You must employ an attorney, an accountant and possibly other professionals.
11. These expenses are included in the initial franchise fee.
12. These expenses include tools and other equipment needed for the assembly of awards products, ancillary software (such as the ACT customer database software and QuickBooks), venting system for laser engraving machine and miscellaneous storage equipment.
13. You must obtain capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. The estimate does not include royalty or other payments to us. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business which we calculate to be three months.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period. You will need to have staff on-hand before opening to prepare the store for opening, for training, orientation, and related purposes.

The figures in the chart and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Store; the length of time it may take to obtain permits and then build out the space for the Store; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen.

14. We relied upon our collective experience of operating and franchising in the industry when preparing these figures. You should review these figures carefully with a business advisor (attorney, accountant, or other advisor) before making any decision to purchase the franchise.

#### Notes related to the “Signs by Crown” package

15. If you elect to offer sign products and services under the “Signs by Crown” brand, you must purchase certain start-up equipment and supplies. The initial start-up package of equipment includes one printer/cutter (approximately \$14,000 to \$15,000), one media kit, and a variety of inks, solvents, tools (e.g. knives, grommet machines, rollers, applicators, etc.) that are necessary to make signs. We currently have an arrangement with a supplier to sell to our franchisees with

an estimated cost of approximately \$16,500 to \$18,000, depending on actual products ordered, as well as variation in shipping, freight, and taxes.

16. This estimate includes the cost of additional indoor and outdoor signage if you elect to offer sign products and services under the “Signs by Crown” brand.
17. This estimate includes the cost of payroll and other miscellaneous additional expenses you may incur during your first 3 months of operation if you elect to offer sign products and services under the “Signs by Crown” brand.
18. In preparing the figures in the chart above, we relied upon our collective experience of operating and franchising in the awards and retail industry when preparing these figures.

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

You must purchase your Start-Up Package solely from us or from our designated vendors. This requirement is imposed because these items are manufactured according to specifications we provide to the manufacturer. The engraving equipment may be leased from third parties.

If you elect to offer signs under “Signs by Crown”, you must purchase the start-up sign package solely from our designated vendors, or from vendors or suppliers who satisfy our quality standards and specifications.

You must also use the equipment and supplies that we designate for use in conjunction with services provided by the Franchised Business.

We negotiate purchase arrangements with suppliers of inventory and supplies for the benefit of franchisees. We and our affiliate reserve the right to receive rebates or commissions from suppliers. We will spend amounts received as rebates to help offset costs of new product development and for advertising to promote the Products, the Proprietary Marks and the System. We also reserve the right to enter into advertising and promotion agreements or licensing arrangements with suppliers in connection with our exclusive products. In this connection, we reserve the right to receive advertising fees, license payments or royalties.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including computer hardware, fax machine, telephones and point-of-sale recording system), decor and signs as we may reasonably direct periodically; and must refrain from installing or permitting to be installed on or about the Premises, without our prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting our standards and specifications.

Except as provided in the Franchise Agreement, all Products sold or offered for sale at the Franchised Business must meet our then-current standards and specifications, as established in our confidential operations manual (the “Manual”) or otherwise in writing. You must purchase all of these products solely from suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. We are one of those suppliers, as is our affiliate, Crown Awards.

If you want to buy products from other than approved suppliers, you must submit to us a written request to approve the proposed supplier, together with evidence that they meet our specifications. We

will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You agree to pay us an amount equal to the reasonable cost of the inspection and our actual cost of testing the proposed equipment, product, or service, including personnel and travel costs, but in no event less than \$1,000 per proposed item, whether or not we ultimately approve the supplier. Our criteria for supplier approval are contained in the Manual. We will, within 30 days after our receipt of the completed request and completion of the evaluation and testing (if required by us), notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld.

You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received. We may periodically revoke our approval of particular products or suppliers when we determine, in our sole discretion, that the products or suppliers no longer meet our standards. Upon receipt of written notice of this revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier, you must use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose.

We do not provide material benefits to you based upon your use of designated or approved sources.

Certain of the Products are Crown "exclusive" products, which we design and for which we claim copyright and/or design patent ownership. These "exclusive" products may be manufactured on an exclusive basis by suppliers we have licensed to do so. In this event, you will only be able to purchase the Crown "exclusive" products from these exclusive suppliers. None of our officers owns an interest in any of these exclusive suppliers. Moreover, you are not permitted to sell parts or elements of Crown "exclusive" products (i.e., figurines, columns, ribbons) separate and apart from the fully assembled product.

You must offer for all customer orders (whether through you or a third party approved by us) those products as are specified by us, in the form and manner specified by us in the Manual or otherwise in writing.

You must maintain in sufficient supply (as we may require in the Manual or otherwise in writing), and use at all times, only those fixtures, furnishings, equipment (including, computer hardware, fax machine, telephones, equipment), signs, products, materials, and supplies as conform with our standards and specifications, and must refrain from deviating from them by the use of nonconforming items, without our prior written consent.

If you will occupy the Premises under a lease, you must, before the signing the lease, submit the lease to us for our written approval. Our approval of the lease may be conditioned upon the inclusion of the following terms and conditions:

a. That the initial term of the lease, or the initial term together with renewal terms, must be for a minimum of 3 years;

b. That the lessor consents to your use of the Proprietary Marks and signage as we may require for the Franchised Business;

c. That the use of the Premises be restricted solely to the operation of the Franchised Business;

d. That you be prohibited from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the lease without our prior written consent;

e. That the lessor provide to us copies of any and all notices of default given to you under the lease;

f. That we have the right to enter the Premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That we (or our designee) have the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of your rights under the lease terms, including the right to assign or sublease.

You must furnish us with a copy of any signed lease within 10 days after signing it. At the time the Franchised Business opens, you must stock and display the initial inventory of products, accessories, equipment and supplies required by us in the Manual or otherwise in writing. Throughout the term of the Franchise Agreement, you must stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

We and our Affiliate, Awards, are approved suppliers of Products (such as trophies, awards, and related products), but we are not the only approved suppliers of Products. We and Awards will derive income from the sale of any of these Products to franchisees. In addition, we or our Affiliate receive a licensing fee from the manufacturer of the Crown “exclusive” products based on sales made by exclusive suppliers to franchisees. A portion of these fees are used for advertising, marketing and promotion of the products. Further, we receive sponsorship fees from vendors, and those fees are used to defray a portion of our annual franchise convention. Also, as noted above, we sell equipment, supplies and inventory to our franchisees. During our last fiscal year, ending December 31, ~~2022~~2023, we received revenues of ~~\$3,467,115~~\$3,912,638, as reflected in our audited financial statement. Of this amount, ~~\$271,390~~\$479,151 or ~~7.83~~12% came from sales of equipment, supplies and inventory to franchisees, and ~~\$297~~\$317 was received due to supplier rebates, licensing fees and promotional fees, discussed above. In addition, Awards received ~~\$7,547,891~~\$8,053,870 from the sale of Products to franchisees. Some of our officers own an interest in us and in Awards.

There are no purchasing or distribution cooperatives for any of the items described above. If these cooperatives are formed in the future among our franchisees, the restrictions regarding the source, quality and types of Products applicable to individual franchisees will also be applicable to the cooperatives.

It is estimated that the purchase of your initial supply of equipment, supplies and inventory, may represent approximately 44% to 46% of the cost to establish the Franchised Business and 35% to 45% of the cost to operate the Franchised Business, excluding the equipment factor.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

You must maintain insurance for your Store. You must carry Public Liability and Property Damage, General Public Liability in limits not less than \$500,000 with respect to injury or death and not less than \$500,000 with respect to property damage.

All insurance policies must name us as an additional insured, and must be issued in a form acceptable to us by insurance companies with general policyholder’s rating of not less than A and a financial rating of “AAA” as rated in the most current available “Best’s Insurance Reports”, and qualified to do business in the state where you are located. Executed copies of insurance policies or certificates shall be delivered to us within 30 days after the signing of the Franchise Agreement and then after that, within 30 days prior to the expiration of each policy. All the policies of insurance shall contain the provision that the company writing the policy shall give us at least 30 days’ notice in writing in advance of any cancellations, or lapse, or the effective date of any reduction in the amounts, or insurance. In the event you fail to comply with all insurance requirements, we may, but are not required to, obtain the insurance and keep it in force, and you must pay us, upon demand, the premium costs. The failure to comply with these insurance requirements shall also constitute a default by you under the Franchise Agreement.

**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.**

| Obligation  | Section in Agreement   | Disclosure Document Item(s) |
|---|--|-----------------------------|
| a. Site selection and acquisition/lease                     | Article I of Franchise Agreement, and Site Selection Addendum                            | Items 8 and 11              |
| b. Pre-opening purchases/leases                             | Article I, Article IV and Article V of Franchise Agreement, and Site Selection Addendum  | Items 5, 7 and 8            |
| c. Site development and other pre-opening requirements      | Article I, Article IV and Article V of Franchise Agreement, and Site Selection Addendum  | Items 8 and 11              |
| d. Initial and ongoing training                             | Article IV and Article V of Franchise Agreement  | Item 11                     |
| e. Opening  | Article I, Article IV, and Article V of Franchise Agreement, and Site Selection Addendum | Item 11                     |
| f. Fees   | Articles I, IV, V, VI, IX, XI, XVI of Franchise Agreement                                | Items 5 and 6               |
| g. Compliance with standards and policies/Operations Manual | Article VII of Franchise Agreement   | Items 8, 11, 14 and 16      |
| h. Trademarks and proprietary information                   | Articles VI and VIII of Franchise Agreement  | Items 13 and 14             |
| i. Restrictions on products/services offered                | Article V of Franchise Agreement   | Item 16                     |

| <b>Obligation</b>                                      | <b>Section in Agreement</b>   | <b>Disclosure Document Item(s)</b> |
|--|---|------------------------------------|
| j. Warranty and customer service requirements          | Not Applicable  | Not Applicable                     |
| k. Territorial development and sales quotas            | Not Applicable  | Not Applicable                     |
| l. Ongoing products/ service purchases                 | Article V of Franchise Agreement  | Item 8                             |
| m. Maintenance, appearance and remodeling requirements | Article V of Franchise Agreement  | Not Applicable                     |
| n. Insurance   | Article XI of Franchise Agreement   | Items 7 and 8                      |
| o. Advertising   | Article IX of Franchise Agreement   | Items 6 and 11                     |
| p. Indemnification                                     | Article XVII of Franchise Agreement   | Not Applicable                     |
| q. Owner's participation/ management/staffing          | Article V of Franchise Agreement  | Item 15                            |
| r. Records/reports                                     | Article X of Franchise Agreement  | Item 11                            |
| s. Inspections/audits                                  | Articles V and X of Franchise Agreement   | Items 6 and 11                     |
| t. Transfer  | Article XII of Franchise Agreement  | Item 17                            |
| u. Renewal   | Article II of Franchise Agreement   | Item 17                            |
| v. Post-termination obligation                         | Article XIV of Franchise Agreement  | Item 17                            |
| w. Non-competition covenants                           | Article XV of Franchise Agreement, and Exhibit J- Confidentiality and Non-Competition Agreement | Item 17                            |
| x. Dispute resolution                                  | Article XXIV of Franchise Agreement   | Item 17                            |

**ITEM 10**  
**FINANCING**

We do not offer financing to Franchisees, directly or indirectly. We do not guarantee your note or lease obligations.

**ITEM 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

Pre-Opening Obligations

Before you open your Franchised Business, we will do the following:

1. If you have not obtained a location for the Franchised Business at the time the Franchise Agreement (Exhibit D to this Disclosure Document) is signed, we will furnish to you the following, as described in Exhibit G of the Franchise Agreement (the “Site Selection Addendum”):

a. Site selection guidelines and consultation as we deem advisable; and

b. On-site evaluations as we deem advisable as part of our evaluation of your request for site approval. We will not, however, provide on-site evaluation for any proposed site before our receipt of the information and materials required by the Site Selection Addendum. If on-site evaluation is deemed necessary and appropriate by us, we will conduct up to one on-site evaluation, at our cost. For each additional on-site evaluation (if any), you must reimburse us for our reasonable expenses, including, the costs of travel, lodging and meals. (Site Selection Addendum, Section B.2).

2. We will make available, at no charge to you, standard plans and specifications for a prototypical Franchised Business, including exterior and interior design and layout, fixtures and furnishings. These specifications will not necessarily contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor will these plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific store, compliance with all of which shall be Franchisee’s responsibility and at Franchisee’s expense. You must adapt, at your expense, the standard specifications to the store location, subject to our approval, which will not be unreasonably withheld, if the plans and specifications conform to our general criteria. (Franchise Agreement, Section 3.1.A).

3. We will provide the training described below. (Franchise Agreement, Section 3.1.B).

4. We will provide on-site pre-opening and opening supervision and assistance as we deem advisable. (Franchise Agreement, Section 3.1.D).

5. We will provide you, on loan, one copy of the Manual. The Manual may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, including catalog information and proprietary trophy style components and design information, and you may receive a portion or all of the Manual including amendments and updates, or other restructured information and materials in, or via, electronic media, including without limitation, through the Internet. (Franchise Agreement, Sections 3.1.D and 7.1).

6. We will provide you with letterhead stationery, envelopes, business cards and other materials suitable for your grand opening (Franchise Agreement, Section 3.1.E).

7. We will supply you with your Start-Up Package. (Franchise Agreement, Section 3.2).

8. If you elect to offer products and services under the “Signs by Crown” brand, we will provide you with the name of at least one approved supplier of a start-up equipment package. (Franchise Agreement, Section 3.4)

### Continuing Obligations

During ongoing operation of your Franchised Business, we will do the following:

1. We will give you advice and written materials concerning techniques for managing and operating the Franchised Business. The advice and materials will cover topics such as sales methods,

marketing concepts and strategies, equipment updates and other suggestions to help improve your Franchised Business. (Franchise Agreement, Section 3.1.F).

2. We will provide a suggested minimum price schedule for the products being sold by you. (Franchise Agreement, Section 3.1.G).

3. We will make available to you a person who will provide in-store assistance following the opening of the Store. (Franchise Agreement, Section 3.3).

4. We will conduct, as we deem advisable, inspections of your Store. (Franchise Agreement, Section 5.9).

5. We may make available to you, at your expense, advertising plans and promotional materials, direct mail materials and similar advertising and promotional materials. (Franchise Agreement, Section 9.3).

We are not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance or services in connection with the on-going operation of the Franchised Business.

Any duty or obligation imposed on us by the Franchise Agreement may be performed by any of our designees, employees or agents, as we may direct.

#### Site Selection

If, at any time after the Franchise Agreement is signed, you have not obtained and we have not approved a location for the Franchised Business, you must lease or acquire a location, subject to our approval, as provided in the Site Selection Addendum. The site selection procedure, as described in the Site Selection Addendum is as follows:

Within 30 days after you receive notice of approval of the Franchise Agreement, you must obtain a site, at your expense, for the Franchised Business. The site must be approved by us as provided in the Site Selection Addendum, which you will find as Exhibit G to your Franchise Agreement, and must be within a territory designated in the Site Selection Addendum.

Before you obtain a site for the Franchised Business you must submit to us a letter of intent or other evidence satisfactory to us that confirms your favorable prospects of obtaining the proposed site. Recognizing that time is of the essence, you must submit a proposed site, together with the information and materials required by this paragraph, to us for our approval within 30 days after signing the Site Selection Addendum. We will have 15 days after receipt of this information and these materials from you to approve or disapprove, in our sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless it has been expressly approved in writing by us. If you do not submit an acceptable site to us for our approval within the time limits described above, we have the right to terminate the Franchise Agreement.

The factors which we consider in approving a site include general location and neighborhood, traffic patterns, parking facilities, size and lease terms.

After a site for the Franchised Business has been approved by us and acquired by you under the Site Selection Addendum, the site will constitute the Approved Location referred to in the Franchise Agreement.

You must obtain our written approval before opening the Franchised Business, which approval will not be unreasonably withheld, and must open the Franchised Business within 90 days after the date of the Franchise Agreement. Time is of the essence in the opening of the Franchised Business. Our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Our approval of the site indicates only that we believe the site complies with acceptable minimum criteria established by us solely for our purposes as of the time of the evaluation. The application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by us could change, and alter the potential of a site. These factors are unpredictable and are beyond our control. We will not be responsible for the failure of a site approved by us to meet your expectations as to revenue or operational criteria. Your acceptance of a franchise for the operation of the Franchised Business at the site is based on your own independent investigation of the suitability of the site. (Franchise Agreement, Section 1.1.A).

We do not own or lease the Premises.

For a description of certain restrictions relating to the lease of the Premises, please see Item 8 of this Disclosure Document.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business to be 30 days to 90 days. Factors which may affect this time period include the ability to procure and install equipment, obtain a lease, acceptable financing arrangements, any required approvals, required zoning and building permits, as well as factors bearing on construction.

### Training Programs

Before the opening of the Franchised Business, you (or, if you are a corporation or partnership, your principal acceptable to us), and your manager (if you or your principal will not manage the Franchised Business), must attend and complete to our satisfaction the initial training program offered by us. At our option, any persons subsequently employed by you in any of these positions must also attend and complete our training program, to our satisfaction. You and your manager must also attend additional courses, seminars and other training programs as we may reasonably require periodically. We may require, suggest, or permit that certain employees attend training programs. The duration, content, location and frequency of any additional courses or programs will be determined by us at the time based on the needs of your Franchised Business. You will also be required to attend our mandatory annual conference at a location which lasts 4 to 5 days. (Franchise Agreement, Section 5.4). All permitted transferees of the Franchise must also attend and complete the training program before the effective date of any transfer (Franchise Agreement Section 12.2).

All training programs will be at times and places as may be designated by us, and we schedule and conduct the training periodically on an as-needed basis. For all required initial and additional training courses, seminars and programs, we will provide, at no charge to you, instructors and training materials. You and/or your employees (if applicable, and if required or permitted to attend) will be responsible for any and all other expenses incurred by them in connection with any of these courses, seminars and programs, including the costs of transportation, lodging, meals and wages. (Franchise Agreement, Section 5.4).

The initial training program will begin promptly after signing the Franchise Agreement, and will last for approximately 8 to 10 days, consisting of both classroom instruction and technical training. The initial training program will be conducted at our headquarters in Hawthorne, New York. The initial training program will be supervised by Charles Weisenfeld, Scott Kelly, John Mooney and Susan LaGrutta. Mr. Weisenfeld has over 42 years of experience with us and with the subjects taught, Mr. Kelly has over 24 years of experience with us and with the subjects taught, Mr. Mooney has over 21 years of experience with us and with the subjects taught, and Ms. LaGrutta has over 17 years of experience with us and with the subjects taught. See Item 2 for the relevant employment histories for these individuals. In addition, other personnel may be called upon to instruct Franchise owners on various aspects of operating a Crown Trophy center. The instructional materials include the Manual, handouts and visual presentations. If we determine that you cannot complete the training to our satisfaction, we reserve the right to terminate the Franchise Agreement and refund your Franchise Fee. In that event, we would release you from all obligations under the Franchise Agreement other than the covenants not to compete under Section 15.3 of the Franchise Agreement.

The subjects covered in the initial training program are described below:

| <b>Subject</b>                 | <b>Hours of Class Room Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>     |
|--------------------------------|-------------------------------------|-------------------------------------|---------------------|
| General Information            | 3                                   | 0                                   | Hawthorne, New York |
| Personnel Management           | 3                                   | 0                                   | Hawthorne, New York |
| Customer Service Techniques    | 7                                   | 0                                   | Hawthorne, New York |
| Sales and Marketing Techniques | 12                                  | 0                                   | Hawthorne, New York |
| Inventory Control              | 3                                   | 0                                   | Hawthorne, New York |
| Purchasing Techniques          | 5                                   | 0                                   | Hawthorne, New York |
| Bookkeeping                    | 3                                   | 0                                   | Hawthorne, New York |
| Plaque and Trophy Assembly     | 0                                   | 12                                  | Hawthorne, New York |
| Computer Training              | 12                                  | 0                                   | Hawthorne, New York |
| In-Store Management            | 4                                   | 0                                   | Hawthorne, New York |

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved products and services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of

your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

### Marketing, Advertising and Promotion

It is understood that marketing and sales are critical to the growth and development of a Crown Trophy Store. Therefore, you or someone under your employ must establish and maintain a full time marketing program. We retain the right to review, periodically, your marketing program so as to determine if an effective marketing program has been implemented and is in use on a regular basis. You must use your best efforts to advertise and promote your Franchised Business in order to maximize sales of the Products, but only within your Territory, and only to customers and potential customers located within your Territory, unless otherwise approved by us in writing. The form and media for advertising will be selected and paid for by you, subject to our prior approval. There is no advertising program in which you must participate, although you must adequately market your Crown Trophy Store.

All advertising and promotion done by you must be in the media and of the type and format as we may approve, must be conducted in a dignified manner, and must conform to the standards and requirements as we may specify. You may not use any advertising or promotional plans or materials unless and until you have received written approval from us, according to the procedures and terms set forth in the Franchise Agreement. (Franchise Agreement, Section 9.2).

You will not be permitted to establish, operate, participate in or conduct any advertising or promotional marketing activities of any sort in or through any web site or other Internet-based or related presence for your Franchised Business without our prior written consent and approval and subject, at all times, to conditions we may impose. Under no circumstances will you be permitted to sell, advertise, promote or market any Products through or across the Internet or any other means of electronic commerce whether now existing or developed during the term of your Franchise Agreement. You also are not permitted to use any toll-free telephone number (800, 888, etc.) that extends beyond the geographic scope of your Territory.

During the term of your franchise agreement, we may create and make available to you advertising plans and promotional materials. This may consist of catalogs, flyers, direct mail materials and similar advertising and promotional materials related to the Products. Except for catalogs, you have the option but not the obligation to purchase these materials from us. Crown catalogs are the primary marketing tool utilized by a Crown Trophy Store and you must purchase a minimum annual supply of these catalogs from us. The minimum purchase is currently 800 catalogs, and we may revise this amount on an annual basis. We will charge you for these materials on a cost recovery basis (Franchise Agreement, Section 9.3).

We do not have, and we do not require you to participate in, local or regional advertising cooperatives. We also do not have, or require you to participate in, a franchisee advertising committee or council.

### *The Advertising Fund*

We have reserved the right to establish an Advertising Fund, but we have not done so as of the date of this Disclosure Document. If and when the Advertising Fund is created, it will be maintained and administered by us or by our designee as follows:

1. As described in Item 6 above, for each month during the term of the Franchise Agreement, you will be required to make an Advertising Contribution, a portion of which may be

contributed to the Advertising Fund (discussed below) and an expenditure for local advertising. The Advertising Contribution will be 2% of Gross Sales of your Franchised Business during the preceding month during the term of the Franchise Agreement and any renewal term. We have the right, upon written notice to you, to increase the Advertising Contribution to 3% of Gross Sales.

2. Your Advertising Contribution must be paid to the Advertising Fund, or spent by you on local advertising and promotion, in the proportions that we may periodically designate. Currently, the portion of the Advertising Contribution that is contributed to the Advertising Fund is 0% of Gross Sales, and 2% of Gross Sales must be spent on local advertising.

3. The Advertising Contribution will be in addition to any advertising, marketing, or promotional payments, contributions, or actions required under your lease for the Store.

4. We or our designee will have the right to direct all advertising programs, as well as all of their aspects, including the concepts, materials, and media used in those programs and their placement and allocation. The Advertising Fund is intended to maximize general public recognition, acceptance, and use of the System. We and our designee are not obligated, in administering the Advertising Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund.

5. The Advertising Fund, and all contributions to, and any earnings from the Advertising Fund, will be used exclusively (except as otherwise provided below) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System. This includes, among other things, the costs of preparing and conducting: media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist in these activities; purchasing promotional items; developing new or modified Store décor, trade dress, and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising programs; purchasing media space or time; providing promotional and other marketing materials and services to the Stores operated under the System; and the salaries of our employees to the extent these employees provide services in conjunction with System marketing activities. The Advertising Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we shall have the right to determine will promote general public awareness and favorable support for the System. We will have the sole right to decide how the Advertising Fund creates, places and pays for marketing.

6. You must contribute to the Advertising Fund in the manner we specify, which may be by check or by EFT if required, by the 10th day of each month. All sums paid by you to the Advertising Fund will be maintained in an account separate from our other monies.

7. We will have the right to charge the Advertising Fund for the reasonable administrative costs and overhead that we may incur in activities reasonably related to the direction and implementation of the Advertising Fund and advertising programs for franchisees and the System, including, for example, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs and accounting services reasonably related to the operation and functions of the Advertising Fund. The Advertising Fund and its earnings will not otherwise inure to the benefit of us. We or our designee will maintain separate bookkeeping accounts for the Advertising Fund.

8. The Advertising Fund is not intended to be, nor be treated as, an asset of ours, nor a trust, and we do not assume any fiduciary obligation to you for maintaining, directing or administering the Advertising Fund or for any other reason. Any amounts in the Advertising Fund that are not spent in a fiscal year will be carried over for use in the following year. An unaudited statement of the operations of the Advertising Fund as shown on our books will be prepared annually by us and will be made available to you on an annual basis.

9. Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been expended for advertising and/or promotional purposes.

### Franchise Advisory Council

Since 2003 we have maintained a Franchise Advisory Council, consisting of a representative group of Crown Trophy franchise owners chosen by the franchise owners and representatives of Crown Trophy management. The Franchise Advisory Council meets periodically to combine the input of Crown Trophy and the franchisees to explore and develop ways to enhance sales, profitability and the overall value of the Crown Trophy Franchise System.

### Website

One or more Websites that identify and promote Crown products and Crown Trophy stores is beneficial to the goodwill, public image, and reputation of Crown Trophy stores, the Proprietary Marks, and the System, and we have the right to establish and operate one or more Websites. You agree to pay to us, within 30 days following receipt of our invoice, an annual Website Services Fee. The Website Services Fee is currently \$1,700. We may revise the Website Services Fee upon 30 days prior written notice to you, but we may not change the amount of the fee more frequently than once a calendar year. Also, any increase may not be more than 10% per year. Not all franchisees or operators of Crown Trophy stores may be required by their contracts to pay a Website Services Fee, and the Website Services Fee for some franchisees or operators may be different from that paid by others.

You may not operate or maintain a website or similar item in connection with or related to the Franchised Business, nor may you advertise, sell or offer to sell any Products through the Internet or any other form of electronic, wireless or other remote form of commerce, whether currently existing or hereafter developed.

### Computer System

You must obtain, install, and use the Computer System that we require. The term “**Computer System**” as used in the Franchise Agreement means communications, computer systems, and hardware to be used by, between, or among Crown Trophy stores, including: (a) back office and point of sale systems, data audio, video and voice storage, retrieval, and transmission systems for use at Crown Trophy stores, and between and among your Franchised Business and us and you; (b) cash register systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (for example, your telecommunications connection) and speed. You must also obtain, install, and use the computer software programs, accounting system software that we require (“**Required Software**”). We are not obligated to provide or assist you to obtain the computer System and the Required Software.

You must implement and periodically make upgrades and other changes to the Computer System and Required Software as we may reasonably request in writing. We estimate that the cost of purchasing the Computer System will be approximately \$4,200.

We have no independent on-line access to the data maintained on your computer system. However, you must provide certain information generated from the software to us. Under Article X of the Franchise Agreement, and as detailed in the Confidential Operations Manual, franchisees must submit a monthly Customer Sales Summary Report, monthly Franchisor Royalty Statement Invoice and an Annual Report of Sales by each customer and purchases from each vendor for the previous year. We also have the right, under Article X of the Franchise Agreement, to audit each franchise through examination of all records, including computer systems, electronic sales systems and books and records. In addition, we reserve the right to require additional reports and information periodically through modifications of the Confidential Operations Manual, as described in this Item 11 of this Disclosure Document and Article VII of the Franchise Agreement.

We reserve the right to download sales and other data from your computer. There is no contractual limitation on our right to receive this information. You may be required to update or upgrade the computer hardware or software to meet our specifications or requirements in the foreseeable future. We have no contractual obligation to you to maintain, repair, update, or upgrade your computer system. There are no contractual limitations on the frequency and cost of these updates or upgrades. However, you must update or upgrade your computer hardware or software if it ceases to be compatible with the hardware or software used in the Franchise System. The cost to upgrade the hardware and maintain or upgrade the software depends on our future needs, as well as technological developments, and is difficult to predict, although we do not anticipate annual hardware and software maintenance and upgrades to exceed \$500.

### Operations Manual

Attached to this Disclosure Document as Exhibit E is the Confidential Operations Manual Table of Contents. The Operations Manual is comprised of 24 sections and a total of 112 pages. You must operate your Franchised Business in full compliance with all provisions of the Operations Manual. We have the right to change the Operations Manual during the Term of your Franchise Agreement as we deem appropriate. You must comply with the Manual, as modified, at all times.

## **ITEM 12** **TERRITORY**

The Franchise Agreement grants you the right to operate the Franchised Business within a territory (“Territory”) in which we will not establish, nor franchise another entity to establish, a Franchised Business. You must lease or acquire a location, subject to our approval, as provided in the Site Selection Addendum. You may not relocate your Store without our prior approval, which approval will not be unreasonably withheld, provided that the new Store is located within your Territory. Our approval of any requested relocation will be based upon a variety of factors, including the viability of the then current location and the demographics (including, number of households, size of the space and rental costs) of the proposed new location.

We retain the right (among others), to do the following:

- to establish, and license others to establish, Crown Trophy businesses at any location outside the Territory, despite their proximity to the Territory or the Franchised Business or their actual or threatened impact on sales at the Franchised Business;

- to establish, acquire or operate, or license others to establish and operate, businesses under other systems or other proprietary marks, which businesses may offer or sell products or services that are the same as, similar to, or different from the products and services offered from the Franchised Business that are offered or sold using or under different proprietary marks, and which business or businesses may be located within or outside the Territory, despite those businesses' proximity to the Franchised Business or their actual or threatened impact on sales at the Franchised Business; and
- to establish and operate, or license others to establish and operate, one or more businesses that sell and distribute, directly or indirectly, any products, services or merchandise, including the Products, whether identified by the Proprietary Marks or other trademarks, service marks, or marks, from any location or to any purchaser wherever that purchaser is located, through other channels of distribution, including mail order, catalogs, Internet or other electronic commerce, and, in connection therewith, obtain and fulfill orders within your Territory. We are not required to compensate you for soliciting or accepting these sales within your Territory.

Your Territory will consist of a specified geographical territory comprised of a combination of zip code territories. Starting with your chosen location at the center, we will establish the scope of your Territory by adding zip code territories until we have created a territory that contains the lesser of 150,000 people or a 7 mile radius from your store. The boundaries of your Territory will be established before or at the time of the signing of the Franchise Agreement. We use a software program, Zip Find Deluxe®, to determine the population of the various zip code areas within your Territory. That determination is binding upon you.

Based on population density and geographic features, it is possible that your store will not be located at or near the center of your Territory.

As discussed above, there are certain limitations or conditions on the territorial protection granted. Therefore, you will not receive an “exclusive” territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The territorial protection in your Territory is not dependent upon the achievement of a certain sales volume, market penetration or other contingency. Except for our right to terminate the territorial protection for your Territory if you solicit business in the Territory of any other Crown Trophy franchisee, there are no circumstances under which the Territory may be altered without your consent before the expiration or termination of the Franchise Agreement.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned trophy businesses which provide similar products or services under a different trade name or trademark, but we reserve the right to do so. Our affiliate, Awards, operates an Internet and mail-order catalog trophy business under the “Crown Awards” name and in that connection, may obtain and fulfill orders within your Territory.

You are not permitted to advertise for, solicit, or accept business (including making sales in other channels of distribution, including mail order, catalogs, Internet, or other electronic commerce) outside of your Territory, except as may be approved or consented by us. You are also not permitted to participate in trade shows, conventions or similar events at which the sale or promotion of the sale of awards

products take place if the event is outside your Territory, unless you first obtain our written consent. If you violate this rule, we have the right to terminate the exclusivity of your Territory.

If you receive business from the Territory of any other of our franchisees, you must pay the gross profit earned by you on the order to the Crown franchisee in whose Territory this customer is located. We reserve the right to prescribe and modify rules, policies, and procedures related to these cross-territorial sales, but we are not obligated to enforce any of those rules, policies, and procedures as between franchisees.

If you receive business outside your Territory in an area not covered by another Franchised Business, nor a Crown Trophy business, you are permitted to keep that business. However, at such time as we open a franchise in this area, you must turn over this business to the new franchisee. Under our present policy, as compensation to you, the new franchisee will pay you the following percentages of gross profits (gross sales less cost of the products sold) earned from these orders: (i) 25% during the first year of the new franchise; (ii) 20% during the second year of the new franchise; (iii) 10% during the third year of the new franchise; and (iv) 0% at all times after the third year of the new franchise. We reserve the right to modify the manner in which sales outside your Territory are handled among our various franchises through changes in the Confidential Operations Manual. You will be bound by these changes.

We maintain a National Accounts program, which National Accounts may either be obtained by us or by Awards. You are not permitted to actively solicit the National Accounts of us or any of our affiliates, irrespective of the location of said National Account's principal place of business, including soliciting the local outlets of these National Accounts within your Territory. It is our policy not to involve our franchisee in whose territory a National Account happens to have a location or outlet. However, for any account that has its principal headquarters office located in your Territory also has outlets outside your Territory, you will be permitted to ship Products to those outlets outside your Territory, without sharing the gross profits with any other franchisee, but only to the extent that purchases of product by the account are made through the headquarters' office located within your Territory.

The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory or areas contiguous to the Territory. However, if during the term of your Franchise Agreement, you desire to expand your Territory, we may, at our discretion, agree to such an expansion on the terms as we deem appropriate, which may include an additional fee.

### **ITEM 13** **TRADEMARKS**

You will be licensed by the Franchise Agreement to use the Proprietary Marks. Under the terms of the Franchise Agreement, you are prohibited from using the Proprietary Marks as part of your corporate or other legal name.

We have ~~a pending application to register~~registered the following service mark on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

| <u>Mark</u>  | <u>Application</u>               | <u>Registration</u>        | No. | <u>Application</u>    | <u>Registration</u> | Date |
|--------------|----------------------------------|----------------------------|-----|-----------------------|---------------------|------|
| Crown Trophy | <del>Serial No. 90,758,071</del> | <del>June 77,129,325</del> |     | <u>August 8, 2021</u> | <u>2023</u>         |      |

~~———— We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. — If our right to use the trademark is challenged, you may have to change to an alternative trademark.~~

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this state, or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state. We have timely filed, or intend to timely file, with the USPTO all required affidavits of use and an affidavit of incontestability, when due, for the above marks and registrations.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement. Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out that defense or prosecution, such as becoming a nominal party to any legal action. Unless the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out of pocket costs in doing these things (although you will still be responsible for the salary costs of your employees) and we will bear the costs of any judgment or settlement. However, if the litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, then you will have to reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating under it, at our sole discretion. We will bear the costs of modifying your signs and advertising materials to conform to our new Proprietary Marks, but will otherwise have no obligation or liability to you as a result of this substitution.

## **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

### Patents and Copyrights

There are no patents that are material to the franchise.

On November 18, 1997, we obtained a copyright registration for a soccer trophy, under Registration VA855-057.

On November 25, 1997, we obtained a copyright registration for a baseball trophy, under Registration VA883-340.

The copyrights in the Crown Trophy catalogs you will use in the operation of your business are owned by Crown Awards, with whom we have a perpetual, royalty-free license agreement permitting you to use the catalogs.

We also own certain copyrights in the manuals, marketing materials, and other materials which are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights, but need not do so to protect them. You may use these items only as we specify while operating your Store, and must stop using them if we direct you to do so.

Our right to use or license these copyrighted items is not materially limited by any agreement or known infringing use.

You must tell us immediately if you learn about an infringement or challenge to our use of these copyrights. We will take the action that we think appropriate. You must also agree not to contest our interest in these or our other trade secrets.

If we decide to add, modify or discontinue the use of an item or process covered by copyright, you must also do so. Our sole obligation is to reimburse you for the tangible cost of complying with this obligation.

Although we are not obligated to defend your use of these items or processes, we will reimburse you for damages and reasonable costs incurred in litigation about them arising from any claims alleging copyright or patent infringement by reason of your sale or distribution of these items.

### Confidential Operations Manual

You must operate your Franchised Business according to our Confidential Operations Manual. You will receive one (1) copy of the Confidential Operations Manual on loan from us for the term of your Franchise Agreement upon your completion of your initial training program.

You must treat the Manual, any other manuals that we may develop in the future, and the information contained in them, as confidential. You cannot copy these materials, or make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place on the Premises.

We may revise the contents of the Manual from time to time as we deem appropriate. You must comply with each new or changed standard or requirement. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

### Confidential Information

You cannot, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate any confidential information, knowledge or know-how concerning the operation of your Store to anyone (including, information, knowledge or know-how concerning trophy manufacturing, techniques and equipment). You can show this confidential information to your employees who must know this in order to operate the Store. Any information, knowledge, know-how, techniques that we say is confidential, is confidential for purposes of the Franchise Agreement. There

may be, however, certain limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manuals.

At our request, you must require your manager, and any personnel having access to any of our confidential information to sign a Confidentiality Agreement in the form attached as Exhibit J to the Franchise Agreement.

You and your employees may not, without our prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“Generative AI”), operating the Franchised Business. This includes, but is not limited to, uploading or sharing any confidential information with any third-party platforms, including Generative AI, except as authorized in writing by us.

### **ITEM 15** **OBLIGATION TO PARTICIPATE IN THE ACTUAL** **OPERATION OF THE FRANCHISE BUSINESS**

You and/or your fully-trained manager must devote full time and best efforts to the management and operation of the Franchised Business. The Franchised Business must at all times be under the direct, on-premises supervision of a manager who has satisfactorily completed our training program. You must also maintain a competent, conscientious, trained staff, including a fully-trained manager (which may be you). If you are an individual, we recommend that you be the fully-trained manager described above. We place no limitations on who you may hire as the manager, except that you must comply with all applicable laws and that you must not harm the goodwill associated with the System and the Proprietary Marks (this requirement may affect who you hire as your manager).

We have the right to approve your manager. The manager will not be required to have an equity interest in your business. We have the right to require your manager to attend and complete our training program, as described in Item 11. The manager and other key employees may also be required to enter into an agreement not to compete with businesses under the System while employed by you and for two years after employment, and an agreement not to reveal confidential information obtained in the course of their employment with you. See Item 17 for a description of these obligations. If you are an entity, each of your principals and/or owners and their spouses may be required to sign a guarantee that is substantially similar to the form attached to the Franchise Agreement as Exhibit E, pursuant to which all obligations and duties of the franchisee are guaranteed by those individuals.

You will have sole responsibility for all employment decisions and functions related to the Franchised Business including hiring, firing, compensation, benefits, work hours, scheduling, work rules, record-keeping, supervision, and discipline of employees, notwithstanding any suggestions, advice, guidelines, programs or training that we may offer. You and your employees must comply with all federal, state and local laws and regulations regarding employment-related matters. You must train all employees and staff, including training in all aspects of the System related to their jobs and duties. All personnel decisions must be made by you and all decisions will be made without influence or advice from us.

### **ITEM 16** **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must use the Premises solely for the operation of the Franchised Business; must keep the Franchised Business open and in normal operation for the minimum hours and days as we may specify; must not use or permit the use of the Premises for any other purpose or activity at any time without first

obtaining our written consent; and must operate the Franchised Business in strict conformity with the methods, standards and specifications as are required in the Manual. You must not deviate from these standards, specifications and procedures without our prior written consent.

You must sell the Products through the Franchised Business. You cannot conduct sales through mail order, the Internet or other electronic commerce, and you may not utilize your Franchised Business to, or otherwise, fulfill delivery of orders of Products received from the Internet, other electronic commerce, or otherwise outside of your Territory, unless specifically authorized by us.

You can offer for sale only those services and products that we have approved. You have to sell or offer for sale those services and products specified by us. You cannot change our standards and specifications without our prior written consent. You have to stop selling and offering for sale any services or products which we may disapprove in writing at any time. We have the right to change the types of authorized goods and services and there are no limits on our right to make changes. You may not sell parts or elements of any Crown “exclusive” products; you may only sell these products in fully assembled form. You must maintain, and display in the Franchised Business, a representative sample of then-current Crown-branded or Franchisor-approved inventory, as specified by us. The representative samples and displays must be updated as we request, but this updating and restocking will not be requested more frequently than once every calendar year.

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction. It is your sole responsibility to apprise yourself of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to follow them.

If you choose to utilize a toll-free telephone number (i.e., 800, 888) in connection with the operation of your Franchised Business, you must limit the geographic reach of that toll-free number to the smallest geographical region incorporating your Territory. In addition, the listing of your company name in any toll-free telephone directory will be required to contain a geographically limited description of your Territory (e.g., Crown Trophy - Manhattan). You are prohibited from listing your toll-free telephone number in any national toll-free directory. You are also prohibited from maintaining a web site or otherwise advertising, marketing or selling Products through the Internet or other means of electronic commerce, whether now existing or hereafter developed.

For a description of your restrictions on some purchases, see Item 8 of this Disclosure Document.

As discussed in Items 1, 7 and 8 above, you will have the option to offer signs and related sign products and services to customers under the “Signs by Crown” brand. If you wish to offer signs, you must do so only from the Store, in conjunction with your Crown Trophy business. We do not offer a “stand-alone” “Signs by Crown” franchise or business opportunity. Also, you must offer only the sign products and services that we authorize or approve, or described in our Manuals, and you must comply with our standards and specifications for the sign business. All of the obligations concerning, and restrictions on, sales of products from the Franchisee’s Business (summarized above) are applicable to the “Signs by Crown” business.

The System may be supplemented, improved and otherwise modified periodically by us. You must comply with all of our reasonable requirements in that regard, including, offering and selling new or different products or services as specified by us.

Except as described above, you are not restricted by the Franchise Agreement, or any other practice or custom, with respect to the goods or services which you may offer, or with respect to the customers whom you may solicit within your Territory. However, if you receive business in another

Franchisee’s Territory, you must pay the gross profit on any orders obtained from this solicitation to the franchisee in whose Territory the order was completed. In addition, if you solicit business in another Franchisee’s Territory, we have the right, at our option, to terminate the exclusivity of your Territory.

**ITEM 17**  
**RENEWAL, TERMINATION**  
**TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

| <b>PROVISION</b>                           | <b>SECTION IN FRANCHISE AGREEMENT</b> | <b>SUMMARY</b>   |
|--|---------------------------------------|--|
| a. Length of the franchise term            | Article II                            | 5 years.   |
| b. Renewal or extension of the term        | Article II                            | Up to 3 renewal terms of 5 years each, subject to contractual requirements   |
| c. Requirements for you to renew or extend | Article II                            | You must provide written notice within a certain time frame; you may not be in default of any provision of the Franchise Agreement or related agreements; you must have satisfied all monetary obligations owed to Franchisor or its affiliates and your creditors and landlord; you must sign a new Franchise Agreement (this agreement may contain materially different terms and conditions than the original contract); you must renovate the premises; you must sign a general release; and you must comply with Franchisor’s then-current financial qualifications and training requirements. See Section 2.2. |
| d. Termination by you                      | Not Applicable                        | Not Applicable   |
| e. Termination by us without cause         | Not Applicable                        | Not Applicable   |
| f. Termination by us with cause            | Article XIII                          | Breach of Franchise Agreement and other grounds; see Article XIII. Note, however, that the provision related to termination  |

| PROVISION  | SECTION IN FRANCHISE AGREEMENT | SUMMARY  |
|--|--------------------------------|--|
|  |                                | in the event of your bankruptcy may not be enforceable under federal bankruptcy law.   |
| g. “Cause” defined – curable defaults                  | Article XIII                   | Breach of Franchise Agreement  |
| h. “Cause” defined – non-curable defaults              | Article XIII                   | Breach of Franchise Agreement and other grounds; see Article XIII  |
| i. Your obligations on termination/nonrenewal          | Article XIV                    | Obligations include complete de-identification and payment of amounts due  |
| j. Assignment of contract by us                        | Article XII                    | No restriction on right to transfer. However, no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is willing and able to assume Franchisor’s obligations under the Franchise Agreement.  |
| k. “Transfer” by you - defined                         | Article XII                    | Includes transfer of interest in Franchise Agreement, Franchise or all or substantially all of the assets of your business   |
| l. Our approval of transfer by you                     | Article XII                    | We have the right to approve transfers.  |
| m. Conditions for our approval of transfer             | Article XII                    | Includes payment of money owed, non-default, sign release, transferee qualification and training, signing of new agreement, refurbishment of premises, and payment of applicable transfer fee. You will remain liable for all obligations owed to Franchisor prior to the effective date of the transfer, must provide Franchisor with a copy of all agreements relating to the transfer prior to closing, and you may not own or operate a competing business. See Section 12.2.C. of the Franchise Agreement |
| n. Our right of first refusal to acquire your business | Article XII                    | We can match any offer   |

| PROVISION  | SECTION IN FRANCHISE AGREEMENT | SUMMARY  |
|--|--------------------------------|--|
| o. Our option to purchase your business                                | Articles XII, XIII, XIV        | Upon transfer we can buy certain assets. Upon termination or expiration we can require you to assign your lease to us.   |
| p. Your death or disability  | Article XII                    | Franchise must be assigned to approved buyer within 12 months  |
| q. Non-competition covenants during the term of the franchise          | Article XV                     | Includes prohibition on owning or operating business which sells similar services  |
| r. Non-competition covenants after the franchise terminated or expires | Article XV                     | Includes 2-year prohibition, on owning and operating a business which sells similar services, at the location, within the Territory or area of primary responsibility, within a radius of 25 miles from the Franchised Business, or within 10 miles from the boundary of the Territory, within 15 miles of another Crown Trophy location   |
| s. Modification of agreement   | Article XXI                    | Must be in writing by both parties   |
| t. Integration/merger clause   | Article XXI                    | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation                      | Article XXIV                   | Except for certain claims, the parties must arbitrate  |
| v. Choice of forum   | Article XXIV                   | Must arbitrate at a suitable location chosen by the arbitrator within 30 miles of our then-existing principal business address (currently, Hawthorne, New York), subject to state law.   |

| PROVISION        | SECTION IN FRANCHISE AGREEMENT | SUMMARY                                    |
|------------------|--------------------------------|--|
| w. Choice of law | Article XXIII                  | New York, subject to applicable state law. |

Notes:

1. If a state law requires any modification to these provisions of the Franchise Agreement (or other provisions described in this Item 17) or requires additional terms, those modifications will be found in the disclosure addenda and contractual amendments appended to this Disclosure Document (see Exhibit C).

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

This franchisor does 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 Scott Kelly at 9 Skyline Drive, Hawthorne, New York 10541, telephone (914) 347-7700, ext. 203, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**  
**System-wide Outlet Summary**  
**For years ~~2020-2022~~2021-2023**

| Outlet Type | Year            | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change   |
|-------------|-----------------|----------------------------------|--------------------------------|--------------|
| Franchised  | <del>2020</del> | <del>138</del>                   | <del>138</del>                 | <del>0</del> |
|             | 2021            | 138                              | 137                            | -1           |

|               |                 |                |                |               |
|---------------|-----------------|----------------|----------------|---------------|
|               | 2022            | 137            | 136            | -1            |
|               | <u>2023</u>     | <u>136</u>     | <u>134</u>     | <u>-2</u>     |
| Company-Owned | <del>2020</del> | <del>0</del>   | <del>0</del>   | <del>0</del>  |
|               | 2021            | 0              | 0              | 0             |
|               | 2022            | 0              | 0              | 0             |
|               | <u>2023</u>     | <u>0</u>       | <u>0</u>       | <u>0</u>      |
| Total Outlets | <del>2020</del> | <del>138</del> | <del>138</del> | <del>0</del>  |
|               | <del>2021</del> | <del>138</del> | <del>137</del> | <del>-1</del> |
|               | 2022            | 137            | 136            | -1            |
|               | <u>2023</u>     | <u>136</u>     | <u>134</u>     | <u>-2</u>     |

**TABLE NO. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years ~~2020-2022~~2021-2023**

| State                 | Year            | Number of Transfers |
|-----------------------|-----------------|---------------------|
| <del>Alabama</del>    | <del>2020</del> | <del>0</del>        |
| <u>Arkansas</u>       | 2021            | 0                   |
|                       | 2022            | 0                   |
|                       | <u>2023</u>     | <u>1</u>            |
| <del>California</del> | <del>2020</del> | <del>0</del>        |
| <u>Colorado</u>       | 2021            | 0                   |
|                       | 2022            | 0                   |
|                       | <u>2023</u>     | <u>1</u>            |
| <del>Florida</del>    | <del>2020</del> | <del>0</del>        |
|                       | <del>2021</del> | <del>0</del>        |
|                       | <del>2022</del> | <del>0</del>        |
| Illinois              | <del>2020</del> | <del>0</del>        |
|                       | 2021            | 1                   |
|                       | 2022            | 1                   |
|                       | <u>2023</u>     | <u>1</u>            |
| Nebraska              | <del>2020</del> | <del>0</del>        |
|                       | 2021            | 0                   |
|                       | 2022            | 1                   |
|                       | <u>2023</u>     | <u>0</u>            |
| New Jersey            | <del>2020</del> | <del>0</del>        |

| State                 | Year            | Number of Transfers |
|-----------------------|-----------------|---------------------|
|                       | 2021            | 0                   |
|                       | 2022            | 1                   |
|                       | <u>2023</u>     | <u>0</u>            |
| Nevada                | <del>2020</del> | <del>0</del>        |
|                       | 2021            | 1                   |
|                       | 2022            | 0                   |
|                       | <u>2023</u>     | <u>0</u>            |
| <del>New York</del>   | <del>2020</del> | <del>0</del>        |
| <u>South Carolina</u> | 2021            | 0                   |
|                       | 2022            | 0                   |
|                       | <u>2023</u>     | <u>1</u>            |
| <del>Texas</del>      | <del>2020</del> | <del>0</del>        |
|                       | <del>2021</del> | <del>0</del>        |
|                       | <del>2022</del> | <del>0</del>        |
| <del>Virginia</del>   | <del>2020</del> | <del>1</del>        |
|                       | <del>2021</del> | <del>0</del>        |
|                       | <del>2022</del> | <del>0</del>        |
| <del>Wisconsin</del>  | <del>2020</del> | <del>0</del>        |
|                       | <del>2021</del> | <del>0</del>        |
|                       | <del>2022</del> | <del>0</del>        |
| <b>Total</b>          | <del>2020</del> | <del>1</del>        |
|                       | 2021            | 2                   |
|                       | 2022            | 3                   |
|                       | <u>2023</u>     | <u>4</u>            |

Notes:

(1) States not listed had no transfers during the relevant period.

**TABLE NO. 3**  
**Status of Franchised Outlets**  
For years ~~2020-2022~~2021-2023

| State   | Year            | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---------|-----------------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| Alabama | <del>2020</del> | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |

| State       | Year            | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|-------------|-----------------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
|             | 2021            | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |
|             | 2022            | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |
|             | <u>2023</u>     | <u>4</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>4</u>                   |
| Arizona     | <del>2020</del> | <del>1</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|             | 2021            | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|             | 2022            | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|             | <u>2023</u>     | <u>1</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>1</u>                   |
| Arkansas    | <del>2020</del> | <del>3</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>3</del>               |
|             | 2021            | 3                        | 0              | 0            | 0            | 0                        | 0                               | 3                          |
|             | 2022            | 3                        | 0              | 0            | 0            | 0                        | 0                               | 3                          |
|             | <u>2023</u>     | <u>3</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>3</u>                   |
| California  | <del>2020</del> | <del>4</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>4</del>               |
|             | 2021            | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |
|             | 2022            | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |
|             | <u>2023</u>     | <u>4</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>4</u>                   |
| Colorado    | <del>2020</del> | <del>4</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>4</del>               |
|             | 2021            | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |
|             | 2022            | 4                        | 0              | 0            | 0            | 0                        | 0                               | 4                          |
|             | <u>2023</u>     | <u>4</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>4</u>                   |
| Connecticut | <del>2020</del> | <del>2</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|             | 2021            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|             | 2022            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|             | <u>2023</u>     | <u>2</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>2</u>                   |
| Delaware    | <del>2020</del> | <del>3</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>3</del>               |
|             | 2021            | 3                        | 0              | 0            | 0            | 0                        | 0                               | 3                          |
|             | 2022            | 3                        | 0              | 0            | 0            | 0                        | 0                               | 3                          |
|             | <u>2023</u>     | <u>3</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>3</u>                   |
| Florida     | <del>2020</del> | <del>11</del>            | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>11</del>              |
|             | 2021            | 11                       | 0              | 0            | 0            | 0                        | 0                               | 11                         |
|             | 2022            | <u>11</u>                | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>11</u>                  |
|             | <u>2023</u>     | 11                       | 0              | 0            | 0            | 0                        | 0                               | 11                         |
| Georgia     | <del>2020</del> | <del>2</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|             | 2021            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |

| State     | Year                 | Outlets at Start of Year | Outlets Opened    | Terminations      | Non-Renewals      | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|-----------|----------------------|--------------------------|-------------------|-------------------|-------------------|--------------------------|---------------------------------|----------------------------|
|           | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | <a href="#">2023</a> | <a href="#">2</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">1</a>               | <a href="#">1</a>          |
| Idaho     | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|           | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|           | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|           | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Illinois  | <del>2020</del>      | <del>6</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>6</del>               |
|           | 2021                 | 6                        | 0                 | 0                 | 0                 | 0                        | 1 <sup>(3)</sup>                | 5                          |
|           | 2022                 | 5                        | 0                 | 0                 | 0                 | 0                        | 0                               | 5                          |
|           | <a href="#">2023</a> | <a href="#">5</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">5</a>          |
| Indiana   | <del>2020</del>      | <del>4</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>4</del>               |
|           | 2021                 | 4                        | 1                 | 0                 | 0                 | 0                        | 0                               | 5                          |
|           | 2022                 | 5                        | 0                 | 0                 | 0                 | 0                        | 0                               | 5                          |
|           | <a href="#">2023</a> | <a href="#">5</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">5</a>          |
| Iowa      | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|           | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | <a href="#">2023</a> | <a href="#">2</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">2</a>          |
| Kansas    | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|           | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | <a href="#">2023</a> | <a href="#">2</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">2</a>          |
| Kentucky  | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|           | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|           | <a href="#">2023</a> | <a href="#">2</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">2</a>          |
| Louisiana | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|           | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|           | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|           | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Maine     | <del>2020</del>      | <del>0</del>             | <del>1</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|           | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|           |                      |                          |                   |                   |                   |                          |                                 |                            |

| State         | Year                 | Outlets at Start of Year | Outlets Opened    | Terminations      | Non-Renewals      | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---------------|----------------------|--------------------------|-------------------|-------------------|-------------------|--------------------------|---------------------------------|----------------------------|
|               | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|               | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Maryland      | <del>2020</del>      | <del>3</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>3</del>               |
|               | 2021                 | 3                        | 0                 | 0                 | 0                 | 0                        | 0                               | 3                          |
|               | 2022                 | 3                        | 0                 | 0                 | 0                 | 0                        | 0                               | 3                          |
|               | <a href="#">2023</a> | <a href="#">3</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">3</a>          |
| Massachusetts | <del>2020</del>      | <del>4</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>4</del>               |
|               | 2021                 | 4                        | 0                 | 0                 | 0                 | 0                        | 0                               | 4                          |
|               | 2022                 | 4                        | 0                 | 0                 | 0                 | 0                        | 0                               | 4                          |
|               | <a href="#">2023</a> | <a href="#">4</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">4</a>          |
| Michigan      | <del>2020</del>      | <del>3</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>3</del>               |
|               | 2021                 | 3                        | 0                 | 0                 | 0                 | 0                        | 0                               | 3                          |
|               | 2022                 | 3                        | 0                 | 0                 | 0                 | 0                        | 0                               | 3                          |
|               | <a href="#">2023</a> | <a href="#">3</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">3</a>          |
| Minnesota     | <del>2020</del>      | <del>3</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>3</del>               |
|               | 2021                 | 3                        | 0                 | 0                 | 0                 | 0                        | 0                               | 3                          |
|               | 2022                 | 3                        | 0                 | 0                 | 0                 | 0                        | 0                               | 3                          |
|               | <a href="#">2023</a> | <a href="#">3</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">1</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">2</a>          |
| Mississippi   | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|               | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|               | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|               | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Missouri      | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|               | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 1 <sup>(3)</sup>                | 1                          |
|               | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|               | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Montana       | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|               | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|               | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|               | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Nebraska      | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|               | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |

| State          | Year                 | Outlets at Start of Year | Outlets Opened    | Terminations      | Non-Renewals      | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|----------------|----------------------|--------------------------|-------------------|-------------------|-------------------|--------------------------|---------------------------------|----------------------------|
|                | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|                | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Nevada         | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|                | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|                | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|                | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| New Hampshire  | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|                | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|                | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|                | <a href="#">2023</a> | <a href="#">2</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">2</a>          |
| New Jersey     | <del>2020</del>      | <del>8</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>8</del>               |
|                | 2021                 | 8                        | 0                 | 0                 | 0                 | 0                        | 0                               | 8                          |
|                | 2022                 | 8                        | 0                 | 0                 | 0                 | 0                        | 0                               | 8                          |
|                | <a href="#">2023</a> | <a href="#">8</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">8</a>          |
| New York       | <del>2020</del>      | <del>14</del>            | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>14</del>              |
|                | 2021                 | 14                       | 0                 | 0                 | 0                 | 0                        | 0                               | 14                         |
|                | 2022                 | 14                       | 0                 | 0                 | 0                 | 0                        | 1                               | 13                         |
|                | <a href="#">2023</a> | <a href="#">13</a>       | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">13</a>         |
| North Carolina | <del>2020</del>      | <del>5</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>5</del>               |
|                | 2021                 | 5                        | 0                 | 0                 | 0                 | 0                        | 0                               | 5                          |
|                | 2022                 | 5                        | 0                 | 0                 | 0                 | 0                        | 0                               | 5                          |
|                | <a href="#">2023</a> | <a href="#">5</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">5</a>          |
| North Dakota   | <del>2020</del>      | <del>1</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|                | 2021                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|                | 2022                 | 1                        | 0                 | 0                 | 0                 | 0                        | 0                               | 1                          |
|                | <a href="#">2023</a> | <a href="#">1</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">1</a>          |
| Ohio           | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|                | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|                | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|                | <a href="#">2023</a> | <a href="#">2</a>        | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a> | <a href="#">0</a>        | <a href="#">0</a>               | <a href="#">2</a>          |
| Oregon         | <del>2020</del>      | <del>2</del>             | <del>0</del>      | <del>0</del>      | <del>0</del>      | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|                | 2021                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |
|                | 2022                 | 2                        | 0                 | 0                 | 0                 | 0                        | 0                               | 2                          |

| State          | Year            | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|----------------|-----------------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
|                | <u>2023</u>     | <u>2</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>2</u>                   |
| Pennsylvania   | <del>2020</del> | <del>8</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>1</del>                    | <del>7</del>               |
|                | 2021            | 7                        | 0              | 0            | 0            | 0                        | 0                               | 7                          |
|                | 2022            | 7                        | 0              | 0            | 0            | 0                        | 0                               | 7                          |
|                | <u>2023</u>     | <u>7</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>7</u>                   |
| Rhode Island   | <del>2020</del> | <del>1</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|                | 2021            | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|                | 2022            | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|                | <u>2023</u>     | <u>1</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>1</u>                   |
| South Carolina | <del>2020</del> | <del>2</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|                | 2021            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2022            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | <u>2023</u>     | <u>2</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>2</u>                   |
| Tennessee      | <del>2020</del> | <del>1</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>1</del>               |
|                | 2021            | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|                | 2022            | 1                        | 0              | 0            | 0            | 0                        | 0                               | 1                          |
|                | <u>2023</u>     | <u>1</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>1</u>                   |
| Texas          | <del>2020</del> | <del>11</del>            | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>11</del>              |
|                | 2021            | 11                       | 0              | 0            | 0            | 0                        | 0                               | 11                         |
|                | 2022            | <u>11</u>                | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>11</u>                  |
|                | <u>2023</u>     | <u>11</u>                | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>11</u>                  |
| Utah           | <del>2020</del> | <del>2</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>2</del>               |
|                | 2021            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2022            | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | <u>2023</u>     | <u>2</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>2</u>                   |
| Virginia       | <del>2020</del> | <del>5</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>5</del>               |
|                | 2021            | 5                        | 0              | 0            | 0            | 0                        | 0                               | 5                          |
|                | 2022            | 5                        | 0              | 0            | 0            | 0                        | 0                               | 5                          |
|                | <u>2023</u>     | <u>5</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>5</u>                   |
| Wisconsin      | <del>2020</del> | <del>3</del>             | <del>0</del>   | <del>0</del> | <del>0</del> | <del>0</del>             | <del>0</del>                    | <del>3</del>               |
|                | 2021            | 3                        | 0              | 0            | 0            | 0                        | 0                               | 3                          |
|                | 2022            | 3                        | 0              | 0            | 0            | 0                        | 0                               | 3                          |
|                | <u>2023</u>     | <u>3</u>                 | <u>0</u>       | <u>0</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>3</u>                   |

| State         | Year        | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations Other Reasons | Outlets at End of the Year |
|---------------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| <b>Totals</b> | <b>2020</b> | <b>138</b>               | <b>1</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>1</b>                        | <b>138</b>                 |
| <b>Totals</b> | <b>2021</b> | <b>138</b>               | <b>1</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>2</b>                        | <b>137</b>                 |
|               | <b>2022</b> | <b>137</b>               | <b>0</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>1</b>                        | <b>136</b>                 |
|               | <b>2023</b> | <b>136</b>               | <b>0</b>       | <b>0</b>     | <b>1</b>     | <b>0</b>                 | <b>1</b>                        | <b>134</b>                 |

Notes:

- (1) All numbers are as of the end of the fiscal year. Each fiscal year ends December 31.
- (2) States not listed had no franchised outlets during the relevant period.
- (3) The franchises consolidated their operations into other locations.

**TABLE NO. 4**  
**Status of Company-Owned Outlets**  
For years ~~2020-2022~~ 2021-2023

We presently do not own or operate any stores.

| State         | Year        | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---------------|-------------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| <b>Totals</b> | <b>2020</b> | <b>0</b>                     | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>                   |
|               | <b>2021</b> | <b>0</b>                     | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>                   |
|               | <b>2022</b> | <b>0</b>                     | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>                   |
|               | <b>2023</b> | <b>0</b>                     | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>0</b>                   |

- (1) Note: Although none are presently projected, there may be company-owned units established in the next fiscal year.

**TABLE NO. 5**  
**Projected Openings as of December 31, ~~2022~~ 2023 for ~~2023~~ 2024**

| State        | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet In The Next Fiscal Year | Projected New Company-Owned Outlet In The Next Year |
|--------------|---|---|---|
| <b>Total</b> | <b>0</b>  | <b>0</b>  | <b>0</b>  |

The names, addresses and telephone numbers of our existing franchisees and their outlets are listed on Exhibit F. Exhibit G identifies the franchisees who have had an outlet terminated, canceled, not renewed during our most recent fiscal year, or who have not communicated with us within ten (10) weeks

of the effective 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.

As of the date of this Franchise Disclosure Document, there are no Crown Trophy franchisee associations in existence regardless of whether they use our trademark or not. As noted in Item 11 above, we have a Crown Trophy Franchise Advisory Council, comprised of franchise owners chosen by franchisees and members of our management team.

No franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

### **ITEM 21** **FINANCIAL STATEMENTS**

The financial statements listed below are attached to Exhibit H:

1. Audited balance sheets of Crown Trophy, Inc. as of December 31, ~~2020~~2021, December 31, ~~2021~~2022, and December 31, ~~2022~~2023, and related statements of income and retained earnings and cash flows for each of the years in the three-year period ended December 31, ~~2022~~2023, and the related notes to the financial statements.

### **ITEM 22** **CONTRACTS**

The following contracts are attached to this Disclosure Document in the following order:

1. Franchise Agreement (Exhibit D)
2. Franchise Deposit Agreement (Exhibit I)
3. Form of General Release Upon Transfer of Franchise (Exhibit J).

### **ITEM 23** **RECEIPTS**

Two copies of the Receipt are attached to this Disclosure Document as Exhibit L. You must sign both copies. Please retain one copy for your records and return the other copy to us at the following address: 9 Skyline Drive, Hawthorne, New York 10532.

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**EXHIBIT A**

**LIST OF ADMINISTRATORS**

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

|   |   |
|---|---|
| <p><b>CALIFORNIA</b><br/>                 Commissioner of Financial Protection and Innovation<br/>                 Department of Financial Protection and Innovation<br/>                 320 West Fourth Street, Suite 750<br/>                 Los Angeles, California 90013-2344<br/>                 (213) 876-7500; Toll Free: (866) 275-2677</p>  | <p><b>MARYLAND</b><br/>                 Office of the Attorney General<br/>                 Securities Division<br/>                 200 St. Paul Place<br/>                 Baltimore, Maryland 21202-2020<br/>                 (410) 576-6360</p>   |
| <p><b>HAWAII</b><br/>                 Commissioner of Securities of the State of Hawaii<br/>                 Department of Commerce &amp; Consumer Affairs<br/>                 Business Registration Division<br/>                 Securities Compliance Branch<br/>                 335 Merchant Street, Room 203<br/>                 Honolulu, Hawaii 96813<br/>                 (808) 586-2722</p> | <p><b>MICHIGAN</b><br/>                 Consumer Protection Div., Franchise Section<br/>                 Attn: Kathryn A. Barron<br/>                 G. Mennen Williams Building, 1st Floor<br/>                 525 West Ottawa Street<br/>                 Lansing, MI 48933<br/>                 (517) 373-7117</p> |
| <p><b>ILLINOIS</b><br/>                 Illinois Attorney General<br/>                 Franchise Bureau<br/>                 500 South Second Street<br/>                 Springfield, Illinois 62706<br/>                 (217) 782-4465</p>   | <p><b>MINNESOTA</b><br/>                 Commissioner of Commerce<br/>                 Department of Commerce<br/>                 85 7<sup>th</sup> Place East, Suite 280<br/>                 St. Paul, Minnesota 55101<br/>                 (651) 296-4026</p>   |
| <p><b>INDIANA</b><br/>                 Secretary of State<br/>                 Securities Commissioner, Securities Division<br/>                 Franchise Section<br/>                 302 West Washington, Room E-111<br/>                 Indianapolis, Indiana 46204<br/>                 (317) 232-6681</p>  | <p><b>NEW YORK</b><br/>                 Office of the New York State Attorney General<br/>                 Investor Protection Bureau, Franchise Section<br/>                 28 Liberty Street, 21<sup>st</sup> Floor<br/>                 New York, New York 10005<br/>                 (212) 416-8236</p>            |
| <p><b>NORTH DAKOTA</b><br/>                 North Dakota Securities Department<br/>                 600 East Boulevard Avenue, State Capitol<br/>                 Fifth Floor, Dept. 414<br/>                 Bismarck, North Dakota 58505-0510<br/>                 (701) 328-4712</p>   | <p><b>VIRGINIA</b><br/>                 Director, Securities and Retail Franchising Div.<br/>                 State Corporation Commission<br/>                 1300 East Main Street, 9th Floor<br/>                 Richmond, Virginia 23219<br/>                 (804) 371-9051</p>                                  |
| <p><b>RHODE ISLAND</b><br/>                 Department of Business Regulation<br/>                 Securities Division<br/> <del>Bldg. 69, First Floor</del><br/>                 John O. Pastore Complex<br/>                 1511 Pontiac Avenue, <a href="#">Bldg. 68-2</a><br/>                 Cranston, Rhode Island 02920<br/>                 (401) 277-3048</p>                                | <p><b>WASHINGTON</b><br/>                 Department of Financial Institutions<br/>                 Securities Division – 3<sup>rd</sup> Floor<br/>                 150 Israel Road, S.W.<br/>                 Tumwater, Washington 98501<br/>                 (360) 902-8760</p>                                       |
| <p><b>SOUTH DAKOTA</b><br/>                 Department of Labor and Regulation<br/>                 Division of Insurance – Securities Regulation<br/>                 124 S. Euclid Avenue, Suite 104<br/>                 Pierre, South Dakota 57501<br/>                 (605) 773-3563</p>  | <p><b>WISCONSIN</b><br/>                 Commissioner of Securities<br/>                 Department of Financial Institutions<br/>                 Division of Securities<br/>                 4822 Madison Yards Way, North Tower<br/>                 Madison, Wisconsin 53705</p>                                    |

(608) 261-9555

**EXHIBIT B**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

|  |   |
|--|---|
| <p><b>CALIFORNIA</b><br/>Commissioner of Financial Protection and Innovation<br/>320 West Fourth Street, Suite 750<br/>Los Angeles, California 90013-2344<br/>(213) 576-7500<br/>Toll Free: (866) 276-2677</p>   | <p><b>MARYLAND</b><br/>Maryland Securities Commissioner<br/>200 St. Paul Place<br/>Baltimore, Maryland 21202-2020<br/>(410) 576-6360</p>  |
| <p><b>HAWAII</b><br/>Commissioner of Securities of the State of Hawaii<br/>Department of Commerce &amp; Consumer Affairs<br/>Business Registration Division<br/>Securities Compliance Branch<br/>335 Merchant Street, Room 203<br/>Honolulu, Hawaii 96813<br/>(808) 586-2722</p> | <p><b>MICHIGAN</b><br/>Michigan Department of Attorney General<br/>Consumer Protection Division<br/>G. Mennen Williams Building, 1<sup>st</sup> Floor<br/>525 West Ottawa Street<br/>Lansing, MI 48933<br/>(517) 373-7117</p> |
| <p><b>ILLINOIS</b><br/>Illinois Attorney General<br/>500 South Second Street<br/>Springfield, Illinois 62706<br/>(217) 782-4465</p>  | <p><b>MINNESOTA</b><br/>Commissioner of Commerce<br/>85 7<sup>th</sup> Place East, Suite 280<br/>St. Paul, Minnesota 55101<br/>(651) 296-4026</p>   |
| <p><b>INDIANA</b><br/>Indiana Secretary of State<br/>302 West Washington Street, Room E018<br/>Indianapolis, Indiana 46204<br/>(317) 232-6681</p>  | <p><b>NEW YORK</b><br/>New York State Department of State<br/>One Commerce Plaza<br/>99 Washington Avenue, 6th Floor<br/>Albany, NY 12231-0001<br/>(518) 473-2492</p>   |
| <p><b>NORTH DAKOTA</b><br/>North Dakota Securities Commissioner<br/>600 Boulevard Avenue, State Capitol<br/>Fifth Floor<br/>Bismarck, North Dakota 58505-0510</p>  | <p><b>VIRGINIA</b><br/>Clerk of the State Corporation Commission<br/>1300 East Main Street<br/>Richmond, Virginia 23219<br/>(804) 371-9733</p>  |
| <p><b>RHODE ISLAND</b><br/>Department of Business Regulation<br/>Securities Division<br/><del>Bldg. 69, First Floor</del><br/>John O. Pastore Complex<br/>1511 Pontiac Avenue, <a href="#">Bldg. 68-2</a><br/>Cranston, Rhode Island 02920<br/>(401) 277-3048</p>                | <p><b>WASHINGTON</b><br/>Director of Department of Financial Institutions<br/>Securities Division – 3<sup>rd</sup> Floor<br/>150 Israel Road, S.W.<br/>Tumwater, Washington 98501<br/>(360) 902-8760</p>                      |
| <p><b>SOUTH DAKOTA</b><br/>Department of Labor and Regulation<br/>Division of Insurance – Securities Regulation<br/>124 S. Euclid Avenue, Suite 104<br/>Pierre, South Dakota 57501<br/>(605) 773-3563</p>  | <p><b>WISCONSIN</b><br/>Commissioner of Securities<br/>Department of Financial Institutions<br/>Division of Securities<br/>4822 Madison Yards Way, North Tower<br/>Madison, WI 53705<br/>(608) 261-9555</p>                   |

**EXHIBIT C**  
**STATE APPENDICES**

1. California
  2. Illinois
  3. Maryland
  4. Minnesota
  5. New York
  6. North Dakota
  7. Rhode Island
- Virginia

**ADDENDUM TO THE CROWN TROPHY, INC.  
DISCLOSURE DOCUMENT REQUIRED BY  
THE STATE OF CALIFORNIA**

1. In Item 3 of the Disclosure Document, "Litigation," shall be amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange

2. Our website, [www.crownfranchise.com](http://www.crownfranchise.com), has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
3. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.
4. The Franchise 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.).
5. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
6. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
7. You must consent to the application of the laws of New York. This provision may not be enforceable under California law.

You must sign a general release 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).

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 DISCLOSURE DOCUMENT.

8. THE FRANCHISE AGREEMENT REQUIRES BINDING ARBITRATION. THE ARBITRATION WILL OCCUR AT THE COUNTY OF WESTCHESTER, IN THE STATE OF NEW YORK, WITH THE COST BEING BORNE BY THE PARTIES EQUALLY, UNLESS OTHERWISE DETERMINED BY THE ARBITRATOR. THE PREVAILING PARTY, AS DETERMINED BY THE ARBITRATORS, SHALL BE ENTITLED TO RECEIVE REIMBURSEMENT OF ITS ATTORNEYS FEES FROM THE LOSING PARTY. PROSPECTIVE FRANCHISEES ARE ENCOURAGED TO CONSULT PRIVATE LEGAL COUNSEL TO DETERMINE THE APPLICABILITY OF CALIFORNIA AND FEDERAL LAWS (SUCH AS BUSINESS AND PROFESSIONS CODE SECTION 20040.5, CODE OF CIVIL PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS

OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

9. THE FRANCHISE AGREEMENT CONTAINS A COVENANT NOT TO COMPETE WHICH EXTENDS BEYOND THE TERMINATION OF THE FRANCHISE. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.
10. We and our affiliates reserve the right to establish alternative channels of distribution to sell products within your Territory (see Item 12 for further details).
11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
12. The highest applicable interest rate in California is 10%.
13. The following statement shall be deemed to amend the Franchise Agreement, and the Franchisee Compliance Certification attached to the Crown Trophy FDD at Exhibit K:

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.

**ADDENDUM TO THE CROWN TROPHY, INC.  
DISCLOSURE DOCUMENT REQUIRED BY  
THE STATE OF CALIFORNIA**

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of New York. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in New York with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this New York Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**ADDENDUM TO THE CROWN TROPHY, INC. DISCLOSURE DOCUMENT  
AND FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF ILLINOIS**

1. Illinois law shall apply to and govern the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. "National Accounts" exist in the franchise system. The Franchisor reserves the right to establish, identify and service National Account clients WITHIN YOUR TERRITORY. It is NOT the Franchisor's policy to involve franchisees in National Account transactions and you may not receive compensation for any such transactions.
6. The paragraph on page 17 of the FDD under "Site Selection" that begins with "You must obtain our written approval before opening..." is deleted and replaced with the following:

You must obtain our written approval before opening the Franchised Business, which approval will not be unreasonably withheld, and must open the Franchised Business within 90 days after the date of the Franchise Agreement. Time is of the essence in the opening of the Franchised Business. Your acceptance of a franchise for the operation of the Franchised Business at the site is based on your own independent investigation of the suitability of the site. (Franchise Agreement, Section 1.1.A).

7. The note on page 32 of the FDD under the "Franchise Relationship" chart that begins with "If a state law requires any modification..." is deleted.
8. The following statement shall be deemed to amend the Franchise Agreement, and the Franchisee Compliance Certification attached to the Crown Trophy FDD at Exhibit K:

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.

[\[signature page follows\]](#)

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Illinois Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**ADDENDUM TO THE CROWN TROPHY, INC. FRANCHISE DISCLOSURE DOCUMENT  
AND FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF MARYLAND**

This will serve as the State Addendum for Crown Trophy, Inc. for the State of Maryland for Crown Trophy's Franchise Disclosure Document and for its Franchise Agreement.

1. The provision contained in Section 13.1 of the Franchise Agreement may not be enforceable under Federal Bankruptcy Law (11 U.S.C. § 101, et seq.).
2. Item 17(c) and 17(n) of the Disclosure Document, and Articles II and XII of the Franchise Agreement, are amended to reflect that the issuance of a general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.
3. Item 17 of the Disclosure Document and the appropriate section of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. Item 17 of the Disclosure Document and Article 23.1 of the Franchise Agreement are hereby amended to state that the Franchise Agreement provides that disputes are resolved through arbitration. A Maryland Franchise Regulation (COMAR 02.02.08.16L) states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. Articles XXV, XXVII and XXIX of the Franchise Agreement, and the Franchisee Compliance Certification attached to the Disclosure Document as Exhibit K, are amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise 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.
6. Franchisor intends to enforce the provisions of the Franchise Agreement to the fullest extent permitted by applicable law.
7. Exhibit K of the FDD, the "Franchisee Compliance Certification," shall be deleted in its entirety and replaced with the Franchisee Compliance Certification attached hereto as Exhibit A to the Maryland Addendum.
8. Section 27.1 of the Franchise Agreement, "Acknowledgments," is modified as described below.
  - a. Sections 27.1(A), 27.1(B), and 27.1(D) are hereby deleted in their entirety.
  - b. Sections 27.1(C), 27.1(F), and 27.1(G) are hereby deleted in their entirety and replaced by the following new Sections 27.1(C), 27.1(F), and 27.1(G):

27.1(C). Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder, and the terms and provisions of this Agreement.

27.1(F). Franchisee has been advised to consult with his own advisers with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business.

27.1(G). Franchisee affirms that all information set forth in all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Maryland Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**EXHIBIT A  
TO THE MARYLAND ADDENDUM**

**FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, Crown Trophy, Inc. (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “Crown Trophy” franchised business (the “**Crown Trophy Store**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each question.

Another goal in asking you these questions is to be confident that you are prepared to become a Crown Trophy franchisee, that you understand the risks of owning your own business, and that we have complied with our obligations in providing you with the information required by law.

We may, in lieu of requesting that you review and sign this Certification, review these questions with you during our pre-closing meeting, and may take notes of your verbal responses for our records.

Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.

1. The following dates and information are true and correct:

- a. \_\_\_\_\_,20\_\_      The date of my first face-to-face meeting with any  
Initials \_\_\_\_\_      person to discuss the possible purchase of a franchise  
for a Crown Trophy Store.
- b. \_\_\_\_\_,20\_\_      The date on which I received Franchisor’s Franchise  
Initials \_\_\_\_\_      Disclosure Document (“**FDD**”).
- c. \_\_\_\_\_,20\_\_      The date when I received a fully completed copy (other  
Initials \_\_\_\_\_      than signatures) of the Franchise Agreement and  
Addenda (if any) and all other documents I later signed.
- d. \_\_\_\_\_,20\_\_      The date on which I signed the Franchise Agreement.  
Initials \_\_\_\_\_

2. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

**Maryland  
(Page 3 of 8)**

3. Do you understand all of the information contained in the Franchise Agreement and each Addendum and related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

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4. Do you understand that the Franchise Agreement contains a number of provisions that may affect your legal rights, including required mediation and arbitration, designated locations or states for arbitration and any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Have you received and personally reviewed the FDD that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand that you are agreeing:

a. to open a new independent business, the success of which will depend on your ability to market and sell Crown Trophy products, predict and adapt to changes in the marketplace, negotiate and enter into agreements with third parties, attract and retain qualified staff as may be necessary, and otherwise operate all phases of an independent business over which you will have substantial control?

Yes \_\_\_\_\_ No \_\_\_\_\_

b. to be responsible for your own income, including the profits and losses that arise from owning an independent business?

Yes \_\_\_\_\_ No \_\_\_\_\_

c. that as an independent business owner, you will not earn wages, nor be eligible for workers' compensation, unemployment insurance or paid sick and family leave, or otherwise be entitled to benefits which would arise in the context of an employment relationship?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

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9. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a Crown Trophy Store as a franchised business?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Do you understand that the success or failure of your franchised Crown Trophy Store will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee or other person speaking for the Franchisor made any statement or promise to you concerning the revenues, profits or operating costs of a Crown Trophy Store operated by the Franchisor or its franchisees, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking for the Franchisor made any statement or promise to you regarding the amount of money you may earn in operating the Crown Trophy Store that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or other person speaking for the Franchisor made any statement or promise to you concerning the total amount of revenue the Crown Trophy Store will or may generate, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee or other person speaking for the Franchisor made any statement or promise to you regarding the costs you may incur in operating the Crown Trophy Store that is contrary to or different from, the information contained in the FDD?  
Yes \_\_\_\_\_ No \_\_\_\_\_
15. Has any employee or other person speaking for the Franchisor made any statement or promise to you concerning the likelihood of success that you should or might expect to achieve from operating a Crown Trophy Store?  
Yes \_\_\_\_\_ No \_\_\_\_\_
16. Has any employee or other person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?  
Yes \_\_\_\_\_ No \_\_\_\_\_
17. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?  
Yes \_\_\_\_\_ No \_\_\_\_\_
18. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?  
Yes \_\_\_\_\_ No \_\_\_\_\_
19. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be a franchisee will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) Franchisor and its affiliates will have no control, or right to control, any of the employment actions or decisions in your business? (*Franchisor recommends that you retain employment law counsel to advise you on your employment issues and questions*).  
Yes \_\_\_\_\_ No \_\_\_\_\_
20. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?  
Yes \_\_\_\_\_ No \_\_\_\_\_
21. Do you understand that Franchisor and its affiliates and subsidiaries retain the right, directly or through others, to develop and franchise other similar franchises or different franchise systems inside or outside of your territory?  
Yes \_\_\_\_\_ No \_\_\_\_\_

22. Do you understand that the Franchise Agreement contain the entire agreement between you and the Franchisor concerning the franchise for the Crown Trophy Store, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes \_\_\_\_\_ No \_\_\_\_\_

23. During my negotiations and evaluations leading up to my decision to buy a Crown Trophy Store franchise, I communicated with the following individuals from the Franchisor or its affiliates, or independent brokers:

| <u>Name</u> | <u>Address</u> |
|-------------|----------------|
| 1. _____    | _____          |
| 2. _____    | _____          |
| 3. _____    | _____          |
| 4. _____    | _____          |

[Insert additional names and addresses below if needed]

24. If you have answered “Yes” to any of questions 10-17, please provide a full explanation of each “yes” answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered “no” to each of questions 10-17, then please leave the following lines blank.

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25. I signed the Franchise Agreement and Addenda (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

The representations under this Franchisee Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

FRANCHISE APPLICANT

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 20\_\_\_\_  
Date

**ADDENDUM TO THE CROWN TROPHY, INC. DISCLOSURE DOCUMENT  
AND FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF MINNESOTA**

This addendum dated \_\_\_\_\_ is agreed to this \_\_\_ day of \_\_\_\_\_ 20\_\_\_, and effectively amends and revises the applicable provisions of the Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements or Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding this use.”

2. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“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.”

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

3. 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.

4. Pursuant to Minn. Rule 2860.4400D, Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement are hereby amended to reflect the fact that franchisors are prohibited under Minnesota law to require franchisees to assent to a general release.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

ADDENDUM TO THE CROWN TROPHY, INC. DISCLOSURE DOCUMENT  
REQUIRED BY THE DEPARTMENT OF LAW  
OF THE STATE OF NEW YORK

**ADDITIONAL RISK FACTORS**

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 ~~SOURCES OF SERVICES 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 DISCLOSURE DOCUMENT. IF YOU LEARN ~~THAT~~ ANYTHING IN ~~THE THIS FRANCHISE~~ DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~NEW YORK THE APPROPRIATE STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005~~ OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR ~~CANNOT~~ CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS ~~WHICH~~ THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS FRANCHISE DISCLOSURE DOCUMENT.

2. The following ~~Items are required~~ is to be ~~included within~~ added at the ~~Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself~~ end of Item 3:

~~3. LITIGATION~~

~~Neither~~ With the exception of what is stated above, the following applies to the franchisor, its predecessor ~~nor any~~, a person ~~listed under~~ 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 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ~~ten~~ 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, anti-fraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

(~~C~~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

New York  
(Page 1 of 42)

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 ~~this~~such person from membership in ~~this~~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 an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

~~4. BANKRUPTCY~~

~~Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.~~

~~5. INITIAL FEES~~

~~The initial franchise fee paid by the Franchisee will be used by Franchisor to fund its obligations under the Franchise Agreement and for other general corporate purposes.~~

~~17. RENEWAL~~

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for a franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination, ~~TRANSFER~~ AND DISPUTE RESOLUTION

~~—The by franchisee”:~~

You may terminate the agreement upon any grounds permitted available by law. Franchisor may not assign this Agreement except to an assignee who, in the good faith judgment of Franchisor, is willing and able to assume Franchisor’s obligations under the Franchise Agreement.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be

provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

~~THE FRANCHISOR REPRESENTS THAT THIS  
PROSPECTUS DOES NOT KNOWINGLY OMIT  
ANY MATERIAL FACT, OR CONTAIN ANY  
UNTRUE STATEMENT OF A MATERIAL FACT.~~

New York  
(Page 4 of 42)

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this New York Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**ADDENDUM TO THE CROWN TROPHY, INC.  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

Item 17 of the Disclosure Document and Paragraph 15.3 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.”

Item 17 (c) of the Disclosure Document and Paragraph 2.2(F) of the Franchise Agreement which requires the franchisee to sign a general release upon renewal of the Franchise Agreement, may not be enforceable under the North Dakota law.

Any provision in the Disclosure Document and Franchise Agreement that requires the franchisee consent to termination or liquidated damages may not be enforceable under the North Dakota law.

Any provision in this franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue, may not be enforceable under North Dakota law.

The provision of Paragraph 14.7 of the Franchise Agreement that provides that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement, is amended by the following language:

“In the event of any enforcement action the prevailing party in such an action is entitled to recover all cost and expenses including attorney’s fees.”

The Franchise Agreement requires binding arbitration. The arbitration will occur in New York with the costs being borne by each party. This provision may not be enforceable under North Dakota law.

You must consent to the application of the laws of New York. This provision may not be enforceable under North Dakota law.

The registered agent authorized to receive process in North Dakota is the North Dakota Securities Commissioner, State Capitol 5<sup>th</sup> floor, 600 E. Boulevard Ave., Bismarck, ND 58505-0510.

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this North Dakota Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**ADDENDUM TO THE CROWN TROPHY, INC.  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document and Franchise Agreement for Crown Trophy, Inc. for use in the State of Rhode Island shall be amended to include the following:

1. § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. This addendum and/or amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum and/or amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Rhode Island Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**ADDENDUM TO THE CROWN TROPHY, INC. FRANCHISE DISCLOSURE DOCUMENT  
AND FRANCHISE AGREEMENT REQUIRED BY  
THE COMMONWEALTH OF VIRGINIA**

This will serve as the State Addendum for Crown Trophy, Inc. for the Commonwealth of Virginia for Crown Trophy's Franchise Disclosure Document and for its Franchise Agreement.

1. Item 17(g) of the Disclosure Document pertaining to terminations for bankruptcy and the provision contained in Section 13.1 of the Franchise Agreement may not be enforceable under Federal Bankruptcy Law (11 U.S.C. § 101, et seq.).
2. According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
3. 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}~~

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Virginia Addendum and Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**EXHIBIT D**  
**FRANCHISE AGREEMENT**

| ~~STORE~~STORE NO. \_\_\_\_\_  
\_\_\_\_\_

STORE NAME:

# FRANCHISE AGREEMENT

between

**CROWN TROPHY, INC.**

and

---

Dated: \_\_\_\_\_

**CROWN TROPHY, INC.**  
**FRANCHISE AGREEMENT**  
**TABLE OF CONTENTS**

| <u>ARTICLE</u>   | <u>PAGE</u> |
|--|-------------|
| <u>ARTICLE I GRANT OF FRANCHISE</u>  | <u>2</u>    |
| <u>ARTICLE II TERM AND RENEWAL</u>   | <u>4</u>    |
| <u>ARTICLE III DUTIES OF FRANCHISOR</u>  | <u>6</u>    |
| <u>ARTICLE IV FEES</u>   | <u>7</u>    |
| <u>ARTICLE V DUTIES OF FRANCHISEE</u>  | <u>8</u>    |
| <u>ARTICLE VI PROPRIETARY MARKS</u>  | <u>15</u>   |
| <u>ARTICLE VII CONFIDENTIAL OPERATIONS MANUAL</u>  | <u>18</u>   |
| <u>ARTICLE VIII CONFIDENTIAL INFORMATION</u>   | <u>18</u>   |
| <u>ARTICLE IX ADVERTISING AND PROMOTION</u>  | <u>19</u>   |
| <u>ARTICLE X ACCOUNTING AND RECORDS</u>  | <u>21</u>   |
| <u>ARTICLE XI INSURANCE</u>  | <u>22</u>   |
| <u>ARTICLE XII TRANSFER OF INTEREST</u>  | <u>23</u>   |
| <u>ARTICLE XIII DEFAULT AND TERMINATION</u>  | <u>26</u>   |
| <u>ARTICLE XIV FRANCHISEE’S OBLIGATIONS UPON TERMINATION, NON-RENEWAL OR EXPIRATION</u><br><u>29</u> |             |
| <u>ARTICLE XV NON-COMPETITION COVENANTS</u>  | <u>30</u>   |
| <u>ARTICLE XVI TAXES, PERMITS AND INDEBTEDNESS</u>   | <u>32</u>   |
| <u>ARTICLE XVII RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION</u>                                  | <u>32</u>   |
| <u>ARTICLE XVIII APPROVALS AND WAIVERS</u>   | <u>33</u>   |
| <u>ARTICLE XIX FORCE MAJEURE</u>   | <u>34</u>   |
| <u>ARTICLE XX NOTICES</u>  | <u>34</u>   |
| <u>ARTICLE XXI ENTIRE AGREEMENT</u>  | <u>34</u>   |
| <u>ARTICLE XXII SEVERABILITY AND CONSTRUCTION</u>  | <u>34</u>   |
| <u>ARTICLE XXIII APPLICABLE LAW; ATTORNEYS’ FEES; COSTS OF ENFORCEMENT</u>                           | <u>35</u>   |
| <u>ARTICLE XXIV ARBITRATION</u>  | <u>36</u>   |
| <u>ARTICLE XXV LIABILITY OF “FRANCHISEE”</u>   | <u>37</u>   |
| <u>ARTICLE XXVI SURVIVAL</u>   | <u>38</u>   |
| <u>ARTICLE XXVII ACKNOWLEDGMENTS</u>   | <u>38</u>   |
| <u>ARTICLE XXVIII TIME IS OF THE ESSENCE</u>   | <u>39</u>   |
| <u>ARTICLE XXIX SUBMISSION OF AGREEMENT</u>  | <u>39</u>   |
| <u>ARTICLE XXX RISK OF OPERATIONS</u>  | <u>39</u>   |

EXHIBITS

- A. AREA FOR STORE LOCATION
- B. LOCATION OF STORE
- C. TERRITORY
- D. COLLATERAL ASSIGNMENT OF LEASE
- E. GUARANTEE
- F. HARDWARE AND SOFTWARE CONFIGURATION
- G. ADDENDUM TO FRANCHISE AGREEMENT - SITE SELECTION
- H. TRANSFER OF FRANCHISE TO A CORPORATION
- I. ASSIGNMENT OF TELEPHONE NUMBERS/E-MAIL ADDRESSES AND INTERNET DOMAIN
- J. CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
- K. ELECTRONIC FUND TRANSFER AUTHORIZATION FORM

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (“Agreement”) is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between Crown Trophy, Inc., a New York corporation, having its principal place of business located at 9 Skyline Drive, Hawthorne, New York 10532, doing business as “Crown Trophy” (hereinafter referred to as “Franchisor”) and \_\_\_\_\_, residing at \_\_\_\_\_, (hereinafter referred to as “Franchisee”).

**W I T N E S S E T H:**

**WHEREAS**, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed and owns a system (hereinafter “System”) for the operation of a physical retail store that sells trophies, plaques, medals, ribbons, desk accessories, laminations, promotional items and other related items (“Products”) for sports, educational, business and social recognition and events (“Store”). The System includes, but is not limited to, certain techniques for management, promotion and operation; and advertising methods and formulae, all of which may be changed, updated, improved and further developed by Franchisor from time to time;

**WHEREAS**, Franchisor identifies the System and the business conducted in accordance with the System under certain trademarks, service marks, marks, logos, emblems, and indicia of origin (hereinafter “Proprietary Marks”), including but not limited to the name and mark “Crown Trophy” and other such trade names, service marks, and trademarks as may be designated now or hereafter by Franchisor (in the Confidential Operations Manual or otherwise in writing) for use in connection with the System;

**WHEREAS**, the Franchisee desires to enter into the business of owning and operating a Store in accordance with the System and wishes to obtain a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

**WHEREAS**, the Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality and service and the necessity of operating the franchised business hereunder in conformity with Franchisor’s standards and specifications;

**WHEREAS**, the Franchisee recognizes the benefits to be derived from being identified with and being a franchisee of Franchisor, being able to utilize the System and the Proprietary Marks which Franchisor makes available to its franchisees and operating a business in conformity with the uniform standards established by Franchisor;

**WHEREAS**, the Franchisee desires to obtain a franchise, to use the System and the Proprietary Marks in connection with the operation of a Store at the location described in Exhibit “A”, pursuant to the provisions hereof, and Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of his/her own choosing and represents and warrants that he/she has the business experience and financial ability to operate a Store;

**WHEREAS**, the Franchisee acknowledges that Franchisee has read this Agreement and Franchisor’s Franchise Disclosure Document and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all Stores and to protect the goodwill of the Proprietary Marks;

**WHEREAS**, Franchisor and its agents, designees or representatives expressly disclaim the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that Franchisee has not received or relied upon any such warranty or guarantee;

**WHEREAS**, the Franchisee acknowledges that Franchisee has no knowledge of any representations by Franchisor, its officers, directors, shareholders, agents, designees or representatives about the franchise offered hereunder, about Franchisor or its franchising programs and policies that are contrary to the statements in Franchisor’s Franchise Disclosure Document or to the terms of this Agreement; and

**WHEREAS**, the Franchisee acknowledges that this Agreement places detailed and substantial obligations on Franchisee including strict adherence to Franchisor’s reasonable present and future requirements regarding facilities, equipment, operating procedures, management methods, merchandising strategies, sales promotion programs and related matters. Franchisee acknowledges that future improvements, changes and developments in the System may require additional expense to be undertaken by Franchisee.

**BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD  
READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.**

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

**ARTICLE I  
GRANT OF FRANCHISE**

1.1 Grant. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, and franchise, and Franchisee undertakes the obligation, to operate a Store (hereinafter referred to as the “Store” or the “Franchised Business”) under the Proprietary Marks, and to use the System solely in connection therewith. If, at the time of execution of this Agreement, an area or location for the Store has not been agreed to by the parties, then Franchisee shall be obligated to find a suitable location and be open for business within ninety (90) days from the date of this Agreement, and the location of which shall then be inserted into this Section by a separate Addendum to this Agreement. In the event, however, that an area or location for the Store has been selected as of the date hereof, Franchisee must submit to Franchisor, for its approval, which approval shall not be unreasonably withheld, the address of the location Franchisee wishes to use for the Store, which shall be within the area described in Exhibit “A” to this Agreement; and after Franchisor has approved the Store’s location, a written description of such location shall be attached to this Agreement as Exhibit “B” and shall form a part hereof. Franchisee shall not relocate the Store without the prior written approval of Franchisor, which approval may not be unreasonably withheld. Such approval will be based on the viability of the existing location, the demographics of the proposed new location and other factors deemed relevant by Franchisor. Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Store or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee’s expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Store at the site is based on its own independent investigation of the suitability of the site. Franchisee shall locate the Store only within the area or at the location identified in accordance with this Section 1.1.

1.2 Protected Territory:

A. During the term of this Agreement, Franchisor agrees not to establish or operate a company-owned Store, nor will it grant franchises to others to operate Stores under the System, within the territory described in Exhibit “C” hereto (“Territory”). The Franchisee is not permitted to advertise for, solicit, or accept business outside the Territory, except as may be approved or consented to by Franchisor. The Franchisee is further not permitted to participate in trade shows, conventions or similar events at which the sale or promotion of the sale of awards products take place if such event is outside Franchisee’s Territory, unless Franchisee first obtains the

written consent of Franchisor. In the event the Franchisee solicits or accepts business within the Territory of any other Franchisee of Franchisor, Franchisee shall be required to pay the gross profit from such sales to the Franchisee of Franchisor in whose Territory such sales were made, in accordance with Section 1.3 below. If Franchisee continues to solicit and/or accept business from customers in another franchisee's territory, Franchisor may, at its option, establish or operate a company-owned Store or grant franchises to others to operate Stores under the System within Franchisee's Territory.

B. Notwithstanding the foregoing, Franchisor and/or its affiliates retain all other rights, and may, among other things, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

(1) establish, and license others to establish, Crown Trophy stores at any location outside the Territory, notwithstanding their proximity to the Territory or the Store or their actual or threatened impact on sales at Franchisee's Store;

(2) establish, acquire or operate, or license others to establish and operate, stores under other systems or other proprietary marks, which stores may offer or sell products or services that are the same as, similar to, or different from the products and services offered from the Store that are offered or sold using or under different proprietary marks, and which store or stores may be located within or outside the Territory, notwithstanding such stores' proximity to the Store or their actual or threatened impact on sales at Franchisee's Store; and

(3) establish and operate, or license others to establish and operate, one or more businesses that sell and distribute, directly or indirectly, any products, services or merchandise, including the Products, whether identified by the Proprietary Marks or other trademarks, service marks, or marks, from any location or to any purchaser wherever such purchaser is located, through other channels of distribution, including mail order, catalogs, Internet or other electronic commerce, and, in connection therewith, obtain and fulfill orders within Franchisee's Territory.

C. Any rights related to the sale or distribution of Products or use of the Proprietary Marks not expressly granted to Franchisee in this Agreement are hereby and forever reserved to Franchisor. Except as specified in this Section, this franchise is non-exclusive.

1.3 Best Efforts; Sales Within Territory. Franchisee agrees to use his/her full time best efforts to advertise and promote the Franchised Business within his/her Territory as set forth in Exhibit "C", and agrees not to solicit or service business beyond the boundaries of such Territory, nor to utilize any method of distribution or sale other than those expressly granted to it under this Agreement. Without limiting the foregoing, Franchisee shall not conduct sales through mail order, the Internet or other electronic commerce, and shall not utilize its Store to, or otherwise, fulfill delivery of orders of Products received from the Internet, other electronic commerce, or otherwise outside of its Territory, unless specifically authorized by Franchisor.

A. In the event Franchisee solicits business in another franchisee's Territory, the soliciting franchisee shall be obligated to remit the gross profit earned on the order resulting from such solicitation to the franchisee in whose Territory the order was solicited and completed. For the purpose of this provision, "gross profit" shall mean the excess of the gross sales price over Franchisee's cost for the goods sold. Franchisor reserves the right to prescribe and thereafter modify rules, policies, and procedures related to such cross-territorial sales, but Franchisor is not obligated to enforce any such rules, policies, and procedures as between franchisees.

B. In the event Franchisee accepts business outside the Territory in an area where there is no other current franchised Store, and no other Crown Trophy Store, Franchisee shall be permitted to retain all proceeds therefrom. However, at such time as a System franchisee whose Territory covers such area commences operations, Franchisee will turn over such business to the new franchisee and will not solicit any further business from such customers so long as a Crown franchise remains in operation in such territory. In exchange for the turnover of such business, the new franchisee may be obligated to pay a portion of its gross profits on such business to Franchisee for a period of time after the opening of the new franchise, as may be set forth from time to time, in the Confidential

Operations Manual (“Manual”). In such event, Franchisor shall not be a guarantor or obligor of such new franchisee’s obligations to Franchisor.

C. Franchisee shall not be permitted to actively solicit the National Accounts of Franchisor or any affiliate of Franchisor, irrespective of the location of said National Account’s principal place of business. A “National Account” shall be defined as any company with whom Franchisor or any affiliate of Franchisor does business on a nationwide or worldwide basis.

D. Franchisee acknowledges and agrees that he/she shall not be entitled to receive any remuneration from Franchisor or any affiliate of Franchisor from any Product sales generated by such National Account, even if such sales are delivered into Franchisee’s Territory by such National Account.

E. Notwithstanding any other provision to the contrary herein, in the event any account, which has its principal headquarters office located in Franchisee’s Territory also has outlets outside Franchisee’s Territory, Franchisee shall be permitted to ship Products to such outlets outside its Territory, without sharing the gross profits with any other franchisee, but only to the extent that purchases of product by such Account are made through the headquarters’ office located within Franchisee’s Territory.

F. Franchisor reserves the right to modify the manner in which sales by Franchisee outside its Territory shall be regulated through modifications to the Manual.

1.4 No Development Rights. This Agreement does not grant to Franchisee any development right within the area described in Exhibit “A” hereto, except with respect to his/her particular Franchised Business.

1.5 Lease for Premises. Franchisee is required to provide Franchisor with an executed copy of the Lease of Premises prior to opening the franchise. Franchisee shall be required to execute a Collateral Assignment of Lease in the form annexed hereto as Exhibit “D” upon execution of his/her lease for the Store.

1.7 Crown Awards -- Internet Distribution. Crown Awards or any of its affiliates, and any other affiliate of Franchisor, has the right to offer Products within Franchisee’s Territory utilizing the Proprietary Marks through its mail order and Internet based electronic commerce business or any other method of promotion, sale or distribution of Products not expressly granted to Franchisee, and, in that connection, has the right to solicit and fulfill orders for Products within Franchisee’s Territory and to advertise and market such products within Franchisee’s Territory.

1.8 No Internet Sales by Franchisee. THE FRANCHISE GRANTED TO FRANCHISEE HEREUNDER DOES NOT INCLUDE THE RIGHT TO MARKET OR SELL ANY OF THE PRODUCTS OR USE ANY OF THE PROPRIETARY MARKS ON OR THROUGH MAIL ORDER, THE INTERNET OR ANY OTHER MEDIUM, SYSTEM OR METHOD OF ELECTRONIC OR OTHER COMMERCE, WHETHER NOW EXISTING OR HEREAFTER DEVELOPED. FRANCHISEE MAY ONLY SELL THE PRODUCTS THROUGH ITS RETAIL STORE ESTABLISHMENT.

## **ARTICLE II** **TERM AND RENEWAL**

2.1 Initial Term. Except as otherwise provided in this Agreement, the initial term of this Agreement shall be for five (5) years from the date Franchisee commences Store operations.

2.2 Renewal Term. Franchisee may, at its option, renew its right to operate a Store under the System for up to three (3) additional consecutive terms of five (5) years each, provided that at the end of the initial and each renewal term, the following conditions as specified below are first met:

A. Franchisee has given Franchisor written notice of Franchisee’s election to renew not less than six (6) months nor more than one (1) year prior to the end of the initial term or renewal terms;

B. Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor, and Franchisee has substantially complied with all the terms and conditions of all such agreements during the terms thereof;

C. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor, any subsidiary or affiliate of Franchisor, all of Franchisee's trade and other creditors and to Franchisee's landlord, and has met these obligations when due, throughout the initial, or applicable renewal, term;

D. Franchisee has executed, for the renewal term, Franchisor's then-current form of franchise agreement for franchisees within the state in which the franchise is located, which agreement shall supersede this Agreement in all respects and may have new, different or changed terms, conditions and obligations (except with respect to the number of renewal periods, which should be governed by this Agreement). For clarification purposes, Franchisee shall not be permitted to operate the store for more than 1 initial 5-year term, and 3 consecutive 5-year terms, notwithstanding any terms of any future form of franchise agreement. Without limiting the foregoing, Franchisor reserves the right upon each renewal term to: (i) increase the continuing monthly service fee and increase or implement requirements regarding advertising fees, to the amounts then being paid by all franchisees entering the System for the first time, and (ii) implement revised marketing requirements applicable to franchisees entering the System for the first time. Franchisor agrees that no initial franchise fee or renewal franchise fee will be charged upon renewal;

E. Franchisee shall upgrade its Store, if necessary, at its own expense to comply with Franchisor's standard specifications and designs for new Crown Trophy Stores; including obtaining updated machinery and equipment, new décor, new in-store displays, and then-current representative selection of inventory required for new franchisees entering the System for the first time;

F. Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its current and former subsidiaries and affiliates, and their respective past and present owners, officers, directors, shareholders, agents, representatives, and employees, provided that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of New York ("GBL") and the regulations issued thereunder, shall remain in force, it being the intent of this proviso that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied; and

G. Franchisee has complied with Franchisor's then-current financial qualifications and retraining requirements, at no additional cost to Franchisee, except for his/her travel and/or personal living expenses.

2.3 Purchase in Lieu of Renewal. Notwithstanding the above, if Franchisee seeks to renew the term of this Agreement after the end of any of the four renewal terms, Franchisor shall have the option to reject such renewal and purchase the Franchised Business at its "fair value" if, during the term of this Agreement, Franchisee has committed an act of default hereunder for which Franchisor has sent the Franchisee a Notice of Default, regardless of whether such default was cured within the notice period. For the purposes hereof, "fair value" shall mean a valuation of the Franchised Business in accordance with any broadly accepted methodology that is reasonable to both parties in light of all pre-existing conditions and circumstances, taking into account, among other factors, sales of similarly situated franchisees within the two (2) year period preceding the date of valuation. The determination of fair value will be made by an independent appraiser reasonably acceptable to both parties, in which event the determination will be final and binding on the parties. The expense of such mutually agreed appraiser shall be shared equally by the parties. If the parties mutually agree on an appraiser they shall share the expense of the appraisal. If the parties are unable to agree on a mutually acceptable appraiser within thirty (30) days after Franchisor's election to purchase, then Franchisor will engage an appraiser to conduct an appraisal and will submit a report from such appraiser to Franchisee within thirty (30) days thereafter. If Franchisee disagrees with such appraisal, it shall have the right to engage its own appraiser to determine fair value and shall submit to Franchisor a report from its appraiser within thirty (30) days thereafter. The parties shall then have seven (7) days to negotiate an agreeable price. If the parties are still unable to reach an agreement, the matter shall be submitted to arbitration for valuation in accordance with the provisions of Article XXIV of this Agreement. If the terms of this Franchise Agreement ends during the period in which the valuation procedure is ongoing, then this Agreement shall nevertheless terminate as of the termination date and Franchisee shall be obligated to take all steps required to be performed by Franchisee upon termination as set forth in Article XIV of this Agreement.

2.4 Non-Renewal. In the event of non-renewal, Franchisee shall sign all documents and perform any and all actions Franchisor requires to memorialize the non-renewal.

### **ARTICLE III DUTIES OF FRANCHISOR**

3.1 Franchisor Assistance. In order to assist Franchisee in the establishment of the Store and during the operation of the Store, Franchisor and/or its designees, shall be obligated to perform the following duties on behalf of the Franchisee:

A. Provide Franchisee with standard plans and specifications for interior design and layout, fixtures, furnishings and equipment, which Franchisee shall adapt, at Franchisee's expense, to the Store's location and space configuration and review all proposed signage for the Store (interior and exterior) and approve such signage before it is installed by Franchisee. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific store, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, the standard specifications to the store location, subject to Franchisor's approval, which will not be unreasonably withheld, provided that such plans and specifications conform to Franchisor's general criteria.

B. Provide a pre-opening training program at Franchisor's training facilities for Franchisee at no cost to Franchisee, other than Franchisee's travel and lodging expenses incurred in attending the training program. Franchisor may, in its sole discretion, make additional training programs, workshops, and/or seminars available to Franchisee and to Franchisee's personnel as Franchisor deems appropriate. All training provided by Franchisor shall be subject to the terms set forth in Section 5.4 of this Agreement, and shall be at such times and places as may be designated by Franchisor. Franchisor shall also make available to the Franchisee on-site training and assistance at an agreed time for an agreed upon period (not to exceed five (5) days) at no cost to the Franchisee beyond the Start-Up Package expense described in Section 3.2 below. Should Franchisee request additional assistance, Franchisor may arrange such assistance pursuant to a *per diem* arrangement to be established by Franchisor;

C. Provide telephonic consultation and advisory assistance while maintaining a continuing advisory relationship with Franchisee;

D. Upon the commencement of Franchisee's pre-opening training program, Franchisor shall loan to Franchisee for the term of this Agreement and any renewal hereof, one (1) copy of the Manual, as more fully described in Article VII hereof;

E. Provide Franchisee with sample letterhead, envelopes, business cards and other promotional materials and an initial supply of product catalogs to promote the grand opening of the Store. In addition, Franchisor will review and approve in advance all proposed advertising and materials prepared by Franchisee for use in local advertising in accordance with the procedures set forth in Article IX hereof;

F. Franchisor or its agent or designees, may from time to time, offer to Franchisee, at no charge, bulletins on improvements and developments in management techniques, and business and operational procedures, assist Franchisee in selling and offering products and services and delivering a customer experience consistent with the System, the Proprietary Marks, and the brand standards; and

G. Franchisor will provide Franchisee with a suggested minimum price schedule for the products to be sold at the Store. These shall merely be suggestions and Franchisee is under no duty or obligation to adhere to them. However, in order to enhance and foster competition, Franchisor reserves the right to determine maximum retail prices for Products, subject to compliance with applicable law, and if such prices are established, Franchisee shall be required to adhere to them, unless such action would be a violation of law.

3.2 Start-up Assistance. Franchisor shall supply Franchisee with his/her start-up equipment package, which shall consist of the following items: (i) laser engraver; (ii) engraving software; (iii) computer systems; (iv) metal and plastic cutters; (v) corner cutter; (vi) nut drivers; (vii) samples for store; (viii) approximately \$17,000 worth of initial Store inventory; (ix) supply of stationery; (x) rod storage bin; (xi) shelving for columns and finished product; and on-site direct assistance and supervision of the set-up of the store, marketing systems, order flow systems and assembly operation set-up and training over a 3-4 day period and a subsequent 1-2 day follow-up on-site supervision and set-up (“Start-Up Package”), at a cost to Franchisee that will range from \$78,000 to \$88,000.

3.3 Additional Assistance. Franchisor, at the request of Franchisee, will provide additional in-store assistance following the opening of the Store. Such assistance will consist of one or more representatives of Franchisor, at Franchisor’s discretion, pursuant to a *per diem* fee arrangement to be established by Franchisor.

3.4 Signs by Crown. If Franchisee selects to offer signs and sign-related products and services to customers under Franchisor’s “Signs by Crown” brand, Franchisee must procure a start-up package and supplies from vendors and suppliers that Franchisor designates or approves. Franchisor will provide Franchisee with at least one approved source for such supplies and equipment.

#### **ARTICLE IV FEES**

4.1 Fees. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor the following fees:

A. Franchisee shall pay to Franchisor an Initial Franchise Fee of Thirty-Five Thousand (\$35,000) Dollars upon execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned and non-refundable upon execution of this Agreement and shall be in consideration of expenses incurred by Franchisor in furnishing assistance and services to Franchisee and for Franchisor’s lost or deferred opportunity to franchise others within Franchisee’s primary area of responsibility. Amounts, if any, paid by Franchisee pursuant to the Franchise Deposit Agreement shall be applied against the Initial Franchise Fee to the extent provided in the Franchise Deposit Agreement;

B. Franchisee shall be obligated to pay the cost of the Start-Up Package prior to commencement of the training program; and

C. Franchisee shall pay to Franchisor a continuing monthly service fee commencing upon the opening of the Franchised Business, and continuing during the term of this Agreement, pursuant to the following (“Continuing Monthly Service Fee”): Year 1: five (5%) percent or \$3,750 per year, whichever is greater; Year 2: five (5%) percent or \$7,500 per year, whichever is greater; Year 3: five (5%) percent or \$11,250 per year, whichever is greater; Year 4: five (5%) percent or \$15,000 per year, whichever is greater; Year 5: five (5%) percent or \$17,500 per year, whichever is greater; Year 6 and after each year thereafter: five (5%) percent or \$20,000 per year, whichever is greater.

D. Franchisee shall execute Franchisor’s software license agreement and shall pay the annual fees prescribed under such agreement, if Franchisor develops, or has a third party develop, proprietary software and/or POS systems, for use in Crown Trophy Stores (but Franchisor is not obligated to do so).

E. Franchisee shall pay the Website Services Fees specified in Section 9.7.

F. Franchisee shall pay such advertising fees and contributions, if any, as may be required in the future, as specified in Section 9.6.

4.2 Payments. All Continuing Monthly Service Fee payments required by this Article IV shall be due to Franchisor by the tenth (10th) of each month for the operations conducted during the prior month. Any payment not actually received by Franchisor on or before such date shall be deemed overdue unless postmarked at least five (5) days prior to the date it was due. If any payment is overdue, Franchisee shall pay to Franchisor immediately

upon demand the overdue amount together with interest on such amount from the date it was due until paid, at a rate of 1.5% per month, or the maximum rate permitted by law. The foregoing shall be in addition to any other remedies Franchisor may have against the Franchisee. If requested by Franchisor, Franchisee shall establish an arrangement for the electronic funds transfer or deposit of any payments required under Section 4 and with respect to any other amount requested to be paid to Franchisor or its affiliates. Franchisee shall execute Franchisor's current form of "EFT Authorization Form," a copy of which is attached to this Agreement as Exhibit K, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Manual. If Franchisee makes any payments to Franchisor under this Agreement by check, and such check is returned to Franchisee without having made payment to Franchisor, or if there are insufficient funds in Franchisee's account to complete the required electronic funds transfer or deposit, then Franchisor shall have the right to charge Franchisee a fee of One Hundred Dollars (\$100) for each such returned check, and/or each instance of insufficient funds. In addition, Franchisor has the right to require that future payments by Franchisee be made using a certified, bank, or cashier's check, or some other form of payment specified by Franchisor.

4.3 Gross Sales. Gross sales shall be defined as the amount of all revenues and income from whatever source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business, including the sales of products or services, or sales to customers, that are not authorized by Franchisor, whether received in cash, in service, in kind or on credit (and if on credit, whether or not payment is received therefor). There shall be deducted from "gross sales" for purposes of said computation (but only to the extent that they have been included), the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to clients, if such taxes are separately stated when the client is charged and paid to the appropriate taxing authority, and the amount of any documented refunds, credits and allowances given to clients by Franchisee, in good faith.

## **ARTICLE V**

### **DUTIES OF FRANCHISEE**

5.1 System Standards. Franchisee understands and acknowledges that every detail of the System is important to Franchisee, Franchisor, and other franchisees for the purpose of developing and maintaining high operating standards, system-wide uniformity, to increase the demand for the services rendered by all the Stores under the System, and to protect Franchisor's reputation and good will.

5.2 Lease. Franchisee shall be obligated to obtain a fully executed lease of his/her premises after execution of this Agreement, and following Franchisor's prior approval to lease the premises selected for the Franchised Business. Thereafter, Franchisee shall commence operations sixty (60) days from the date a Lease Agreement is executed, but no later than within ninety (90) days following the execution of this Agreement. Prior to opening, and as a condition precedent to opening, Franchisee shall complete all interior construction in the Store, including installation of fixtures and furnishings, use of showroom format and design, and purchase of required equipment, all pursuant to the standard plans and specifications provided by Franchisor. Franchisee may only use signage for the Franchised Business which has been submitted to Franchisor for approval in advance and approved by Franchisor.

5.3 Inspection of Property. The Lease Agreement shall give Franchisor, and its agents and designees, the right to enter the premises to conduct inspections without prior notice, at any time during regular business hours, and the right (but no duty) to assume the Lease Agreement for all or any part of its term if Franchisee defaults under the Lease Agreement and is evicted, or, if this Agreement expires or is terminated for any reason. Franchisee further agrees that, during the term of this Agreement, he or she shall not lease or sublet to others, without Franchisor's prior written consent (which may be reasonably withheld), all or any part of the space obtained by Franchisee for use in the operation of the Franchised Business.

5.4 Training. To ensure consistent delivery of products, services, and brand experience, Franchisee agrees that it is important to the continued operation of the System and the Franchised Business that Franchisee and Franchisee's employees receive such additional training as Franchisor may reasonably require, and to that end Franchisee agrees as follows:

A. Franchisee shall attend and complete, to Franchisor's satisfaction, the pre-opening training program conducted by Franchisor at its training facilities at a date or dates to be designated by Franchisor.

Franchisor shall provide for the training instructors, facilities, and training materials in connection with Franchisor's initial training required by this Section, without charge to Franchisee. Franchisor will pay for Franchisee's lodging expense while Franchisee is at the pre-opening training program. Franchisor is responsible for the payment of the cost of the room and any applicable taxes. The Franchisee shall be responsible for any and all ancillary room charges or costs (phone, meals, pay TV, etc.) while in attendance at the training program;

B. Franchisee shall be required to attend workshops and seminars as Franchisor may, from time to time, offer, at its discretion, including, but not limited to, attendance at Franchisor's annual conference. Franchisor reserves the right, but is not obligated, to require that certain of Franchisee's employees attend training programs and/or similar workshops, seminars, and conferences to ensure consistent delivery of products, services, and brand experience. Franchisee shall pay all of his/her personal expenses and those of his or her operators which are incurred in connection with the foregoing programs, including, without limitation, the cost of travel, room, board and employee wages (if applicable);

C. Within sixty (60) days of the opening of the Franchised Business and for the remainder of the Term, Franchisee shall employ at least one full-time staff member, other than Franchisee, who is trained in the engraving and trophy assembly aspects of the business. Franchisee shall train its staff, as required by Franchisor.

5.5 Required Products. Franchisee shall operate the Franchised Business in conformity with such reasonable standards, techniques, and procedures as Franchisor may, from time to time prescribe in the Manual or otherwise in writing, and shall refrain from deviating therefrom without Franchisor's prior written consent. To this end, Franchisee shall offer to its customers all of the Products and services which Franchisor may, from time to time, prescribe; shall offer to its customers only those Products and services which meet Franchisor's standards of quality and which Franchisor has expressly approved in writing to be offered in connection with the Franchised Business; shall only offer for sale those products as are contained in the annual franchise product catalogs prepared by Franchisor, unless Franchisor has approved in writing any other product for sale by Franchisee and shall discontinue offering any Products or services which Franchisor may, in its sole and reasonable discretion, disapprove by prior written notice at any time. In addition, and to ensure consistent delivery of products, services, and brand experience, Franchisee and his/her employees are required, while on premises during operating hours, to wear Crown logo apparel. All apparel must be supplied and approved by Franchisor, unless otherwise agreed by Franchisor in writing.

5.6 Corporate and Communications Equipment. Franchisee shall purchase/lease and install in the Store, the computer hardware and software configuration set forth in Exhibit F and required dedicated telephone and power lines, and other peripheral equipment as Franchisor may specify. Franchisee shall comply with the provisions related to technology set forth in Section 5.13 and 5.14 below.

5.7 Catalogs. Understanding that Crown catalogs are the unique and prime marketing tool of a Crown Trophy store, the Franchisee shall be required to purchase catalogs each year in the minimum quantities established by Franchisor. The current minimum purchase is 800 catalogs, and this amount may be revised annually by Franchisor.

5.8 Full Time and Best Efforts. Franchisee is required to devote his/her full-time best efforts to the operation and development of its business.

5.9 Civic Participation. Within ninety (90) days of the opening of the Franchised Business, Franchisee shall obtain, and throughout the term shall maintain, active membership in at least one (1) bona-fide business or civic association within its Territory and, through its membership in such association, use its best efforts to promote the Franchise Business.

5.10 Store Hours. Franchisee shall continuously operate the Store on such days and during such business hours Franchisor may, from time to time, specify in the Manual. Currently, minimum hours of operation shall be Monday to Friday, 9:30 a.m. to 5:30 p.m. and Saturday 9:00 a.m. to 1:00 p.m. Franchisee may establish hours of operation in addition to the minimum hours. Franchisee shall also create and maintain a full-time marketing program in accordance with the provisions of Section 9.1 below.

5.11 Prohibited Activities. Franchisee shall not permit the Store or any part thereof to be used for any immoral or illegal purposes and shall not permit the Store to be used for any purposes, business or activities that do not comply with the terms and conditions of this Agreement or with the Manual.

5.12 Inspections. Franchisee shall permit Franchisor and its agents to enter the Store at any reasonable time during business hours and without prior notice, for the purpose of conducting inspections therein. Franchisee shall cooperate fully with Franchisor's representatives in such inspection by rendering such assistance as they may reasonably request; and, upon forty-eight (48) hours' notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to immediately correct any deficiencies from compliance with Franchisor's brand standards detected during such inspections. In the event Franchisee fails or refuses to immediately correct any deficiencies detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have against the Franchisee.

5.13 Technology. Franchisee shall comply with Franchisor's rules, policies, procedures, requirements and restrictions related to technology, as set forth below, and as supplemented or amended by the Manual.

A. With respect to computer systems and required software:

(1) Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Stores, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Stores, between or among Stores, and between and among Franchisee's Stores and Franchisor and/or Franchisee; (b) Cash Register Systems (defined below); (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (*e.g.*, form of telecommunications connection) and speed (collectively, the "Computer System").

(2) Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

(3) Franchisee shall install and use the Computer System and Required Software.

(4) Franchisee shall implement and periodically make upgrades and other changes to the Computer System and Required Software as Franchisor may reasonably request in writing (collectively, "Computer Upgrades").

(5) Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at Franchisee's expense. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor.

(6) Franchisee shall execute all license agreements and other contracts required by Franchisor and/or third-party vendors related to the Computer System and Required Software, and pay all required fees.

B. All data provided by Franchisee, uploaded to Franchisor's system from the Franchisee's system, and/or downloaded from the Franchisee's system to Franchisor's system is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination

or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the business franchised under this Agreement.

C. Franchisor may, from time-to-time, specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Stores, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Stores (including without limitation data pertaining to or otherwise about Store customers) is and shall be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free non-exclusive license to Franchisee to use said data during the term of this Agreement.

D. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("Privacy Laws").

E. Franchisee shall comply with Franchisor's standards and policies pertaining to Privacy Laws. If there is a conflict between Franchisor's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of applicable law.

F. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

G. Franchisee shall comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet and/or such other computer systems as Franchisor may reasonably require. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet.

H. Franchisor may establish an Extranet (but is not required to do so or to maintain an Extranet). If Franchisor does establish an Extranet, then Franchisee shall comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of Franchisee's Stores. The Extranet may include, without limitation, the Manual, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware (including but not limited to telecommunications capacity) as may be required to connect to and utilize the Extranet.

I. Unless otherwise approved in writing by Franchisor, Franchisee shall neither establish nor permit any other party to establish a Website relating in any manner whatsoever to the Store or referring to the Proprietary Marks. Franchisor shall have the right, but not the obligation, to provide one or more references or webpage(s), as Franchisor may periodically designate, within Franchisor's Website. The term "Website" as used in this Agreement means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Google Wave, YouTube, etc.), blogs, vlogs, and other applications, etc. However, if Franchisor approves, in writing, a separate Website for Franchisee (which Franchisor is not obligated to approve), then each of the following provisions shall apply:

(1) Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "marketing" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 9 below.

(2) Franchisee shall not establish or use any Website without Franchisor's prior written approval.

(3) Before establishing any Website, Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Franchisor may reasonably require;

(4) Franchisee shall not use or modify such Website without Franchisor's prior written approval as to such proposed use or modification.

(5) In addition to any other applicable requirements, Franchisee shall comply with the Standards and specifications for Websites that Franchisor may periodically prescribe in the Manual or otherwise in writing.

(6) If required by Franchisor, Franchisee shall establish such hyperlinks to Franchisor's Website and others as Franchisor may request in writing.

J. Franchisee shall record all sales on computer-based point of sale systems approved by Franchisor or on such other types of cash registers as may be designated by Franchisor in the Manual or otherwise in writing ("Cash Register Systems"), which shall be deemed part of the Franchisee's Computer System. Franchisee shall utilize computer-based point-of-sale cash registers which are fully compatible with any program or system which Franchisor, in its discretion, may employ, and Franchisee shall record all Gross Revenues and all sales information on such equipment.

K. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by telephone, text, e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. Franchisor's review of Franchisee's advertisements or solicitations, or of Franchisee's plan for transmitting such advertisements or solicitations, is only for Franchisor's benefit and Franchisor's review will pertain to whether the proposed advertisements or solicitations comply with Franchisor's specifications. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with any laws pertaining to sending such advertisements and solicitations including but not limited to, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Telephone Consumer Protection Act of 1991.

L. Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval therefor. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor. The provisions of this Section 12.9 are in addition to and not instead of any other provision of this Agreement.

M. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 5.13 were periodically revised by Franchisor for that purpose.

5.14 Assignment of Names and Addresses. Franchisee acknowledges that all telephone numbers, e-mail addresses, Internet domain names, telephone directory or domain name listings or domain name search engine registrations for the Store or otherwise utilized by Franchisee in connection with the operation of the Franchise shall be the property of Franchisor and that upon termination or expiration of this Agreement, Franchisor has the sole and exclusive right and authority to transfer, terminate and amend such telephone numbers, e-mail addresses, domain names, directory listings or search engine registrations as Franchisor, in its sole discretion, deems appropriate.

Franchisee acknowledges that it may not use the word “Crown” in any e-mail address or Internet domain name without the express written consent of Franchisor and must otherwise obtain Franchisor’s prior written approval for all e-mail addresses or Internet domain names used by Franchisee in connection with the Franchised Business. In the event Franchisor takes any action pursuant to this paragraph or Section 5.13, or with respect to the termination of this Agreement, the appropriate telephone company, Internet service provider, domain name registration company and all listing agencies and search engine companies, without liability to Franchisor, may accept this Agreement, the Assignment of Telephone Numbers held by Franchisor in escrow and the directives of Franchisor as conclusive evidence of the rights of Franchisor in and to such telephone numbers, e-mail addresses, domain names, directory listings and search engine registrations. However, in the event the termination is caused by an uncured breach of Franchisor, Franchisee shall only be required to change the name of the directory listing to one that is totally dissimilar to Franchisor’s Proprietary Marks.

5.15 Use of Premises. Franchisee shall maintain the premises of the Franchised Business in a clean, orderly condition and in excellent repair, and shall maintain all signs, displays and equipment in accordance with Franchisor’s standards and specifications. At Franchisor’s request, which shall not occur more than twice during the initial term hereof (not including any renovation in connection with renewal or transfer), nor within five (5) years of the last renovation or refurbishing required by Franchisor, Franchisee shall make, at Franchisee’s sole cost and expense, all improvements and alterations as may reasonably be determined by Franchisor to be necessary for the Store to conform to the System’s image as it may be reasonably prescribed by Franchisor at that time. Franchisee shall undertake and complete such improvements and alterations within, and under the terms and conditions which may be reasonably specified by Franchisor. Without limiting the foregoing, Franchisee agrees that it will only use Store signs approved by Franchisor in advance. Notwithstanding the foregoing renovation and refurbishing requirements of this Section, Franchisee shall maintain, and display in the Store, a representative sample of then-current Crown-branded or Franchisor-approved inventory, as specified by Franchisor. Such representative samples and displays shall be updated as requested by Franchisor, but such updating and restocking shall not be requested more frequently than once every calendar year.

5.16 Compliance with Laws. Franchisee shall, at Franchisee’s own cost and expense, operate the Franchised Business in strict compliance with the applicable federal, state and local laws, rules and regulations of all governmental authorities; comply with all applicable wage, hour and other laws and regulations of the federal, state and local governments; prepare and file all necessary tax returns; pay all taxes imposed upon Franchisee related to the Franchised Business; timely obtain and keep in force and good standing as required throughout the term of this Agreement, any and all permits, certificates and licenses necessary for the full and proper conduct of the Franchised Business hereunder, including, but not limited to, any building and other required construction permits, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances; and timely obtain and keep in force and good standing all permits, certificates, licenses and other required forms of governmental approval required of Franchisee to offer and sell those products and services which are part of the System or which may, in the future, be made a part of that System. To the extent that the requirements of said laws are in conflict with the terms of this Agreement, the Manual, or other instructions of Franchisor, Franchisee shall: (a) comply with said laws; and (b) immediately provide written notice describing the nature of such conflict to Franchisor.

5.17 Licenses. Franchisee shall maintain such required licenses and permits in full force and effect throughout the initial term and any renewal term of this Agreement. Franchisee shall take prompt and effective action to correct any violation set forth in a notice issued by any governmental or municipal authority concerning such licenses and permits. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business.

5.18 Taxes; Third-Party Payments. In addition to all other payments provided for herein, Franchisee shall pay to Franchisor immediately upon demand by Franchisor:

A. The amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by Franchisor on account of services or goods furnished by Franchisor to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the Initial Franchise Fee or Continuing Monthly Service Fee called for by this Agreement;

B. All amounts advanced by Franchisor, or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever; and

C. All amounts due to Franchisor or its affiliates, for products or services purchased by Franchisee from Franchisor or its affiliates.

5.19 Withholding of Shipments. In the event Franchisee is not current on all payments due Franchisor and/or its affiliates, Franchisor reserves the right to withhold delivery to Franchisee of all Products and services until payments have been made in full.

5.20 Crown Exclusive Products. Franchisee will have the opportunity hereunder to market and sell certain “Crown Exclusive” products, which are awards products specifically designed and produced by or on behalf of Franchisor and its affiliates and not offered for sale to any non-Crown franchised or affiliated retailers. As a condition to Franchisee being able to market and sell Crown Exclusive products, Franchisee agrees that it may not sell or offer to sell parts or elements of Crown Exclusive products to any other entity, but may only resell fully assembled and complete Crown Exclusive awards products.

5.21 Prices. With respect to the sale of all products or services, Franchisee shall have sole discretion as to the prices to be charged to customers; provided, however, that Franchisor may set maximum prices on such products and services, subject to compliance with applicable laws. If Franchisor has imposed such a maximum price on a particular product or service, Franchisee may charge any price for such product or service, up to and including the maximum price set by Franchisor, unless such action would be a violation of law.

5.22 System Modifications. Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System as Franchisor deems appropriate, including, without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Crown Trophy Stores and Crown Products. Franchisor’s changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the sale, promotion and marketing of products and services, and new trademarks, service marks and copyrighted materials. Notwithstanding the provisions and limitations of Section 5.15, Franchisee shall, upon reasonable notice, accept, implement, use and display in the operation of the Store any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee’s sole expense. Additionally, Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Store or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchises and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation herewith.

5.22 Credit Cards and PCI Security. With respect to Franchisee’s acceptance and processing of customer payments by credit and debit cards, Franchisee agrees to do all of the following:

A. Franchisee agrees to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that Franchisor may periodically designate as mandatory.

B. Franchisee agrees not to use any Credit Card Vendor for which Franchisor has not given Franchisee prior written approval or as to which Franchisor has revoked its earlier approval.

C. Franchisor has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Franchisor’s approval of any service provider.

D. Franchisee agrees to comply with all of Franchisor's policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (Franchisor may set these requirements in the Manual).

E. Franchisee agrees to comply with Franchisor's requirements concerning data collection and protection, as specified in Section 5.13.B above.

F. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that Franchisor may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

5.23 Generative AI. Franchisee will not, without Franchisor's written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models ("Generative AI") directly or indirectly in the operation of the Store, including without limitation, in advertising, promotion, or marketing of the Store or the Franchised Business, communications with active, prospective, or former customers of the Store, business planning, analysis or optimization, or in any social media. Franchisee acknowledges and agrees not to upload or share any confidential information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third party platforms, including Generative AI, except as authorized in writing by Franchisor. In addition, Franchisee shall prohibit its employees from using any confidential information in Generative AI. In the event Franchisee utilizes any Generative AI, with or without prior approval from Franchisor, Franchisee shall comply with all laws applicable to such use, including without limitation, all trademark and copyright laws, and shall not infringe upon or use intellectual property of a third party without appropriate authorization and attribution.

5.24 Franchisee's Employees. Franchisee shall hire all employees for the Store, and shall be exclusively responsible for employment decisions and functions of the Store including, without limitation, those related to terms of employment, compensation, hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling of hours and shifts, supervision, and discipline of employees, regardless of whether Franchisee receives advice from Franchisor on these subjects. Franchisee acknowledges and agrees that all personnel decisions shall be made by Franchisee, without any influence or advice from Franchisor, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Franchisor. Franchisee shall comply with all applicable laws and regulations regarding hiring and firing of employees. Franchisee must take such steps as are necessary to ensure that Franchisee's employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that Franchisor may establish from time to time in the Manual. To the extent that Franchisor may provide suggested or mandatory standards regarding the minimum number of employees, those standards are designed solely to meet the anticipated volume of business, preserve good customer relations, and to achieve the goals of the System. Further, it is the intention of the parties to this Agreement that Franchisor shall not be deemed a joint employer with Franchisee for any reason. If Franchisor incurs any cost, loss or damage as a result of any actions or omissions of Franchisee or Franchisee's employees, including any that relate to any party making a finding of any joint employer status, Franchisee will fully indemnify Franchisor for such loss.

5.245.25 Other Requirements. Franchisee shall comply with all other requirements set forth in this Agreement and any other agreements entered into between Franchisor and Franchisee.

## **ARTICLE VI PROPRIETARY MARKS**

6.1 Ownership of Proprietary Marks. Franchisor represents with respect to the Proprietary Marks that:

A. Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks.

B. Franchisor has taken and will take all steps reasonably necessary to preserve and protect Franchisor's ownership of, and validity in, the Proprietary Marks.

6.2 Use of Proprietary Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

A. Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor; all items bearing the Proprietary Marks shall bear the then-current logo.

B. Franchisee shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved advertising for the business conducted at or from that location.

C. Unless Franchisor otherwise directs Franchisee, in writing, to do so, Franchisee shall operate and advertise the Store only under the name "Crown Trophy," without prefix or suffix.

D. During the term of this Agreement and any renewal of this Agreement, Franchisee shall identify itself (in a manner reasonably acceptable to Franchisor) as the owner of the Store in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations at the Store premises as Franchisor may designate in writing.

E. Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

F. Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor.

G. Franchisee shall not use the Proprietary Marks or any variant thereof as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium.

H. Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

I. With respect to litigation involving the Proprietary Marks, the parties agree that:

(1) Franchisee shall promptly notify Franchisor of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to Franchisor's ownership of, or Franchisee's right to use, the Proprietary Marks licensed hereunder. Franchisee acknowledges that Franchisor shall have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

(2) If Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall defend Franchisee at Franchisor's expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of Franchisee's use thereof. If Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisor will defend Franchisee, at Franchisee's expense, against such third party claims, suits, or demands. Franchisee shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity or ownership of the Proprietary Marks, or its right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks licensed hereunder. Franchisee acknowledges that Franchisor has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take

action against uses by others that may constitute infringement of the Proprietary Marks. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement or involving any other claim against Franchisor, Franchisor agrees to reimburse Franchisee for its out-of-pocket litigation costs in doing such acts and things, except that Franchisee shall bear the salary costs of its employees, and Franchisor shall bear the costs of any judgment or settlement but only if the claim on which the judgment or settlement is made is only related to the validity or ownership of the mark. To the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisee shall reimburse Franchisor for the cost of such litigation (or, upon Franchisor's written request, pay Franchisor's legal fees directly), including without limitation attorneys' fees, as well as the cost of any judgment or settlement.

(3) If Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement or involving any other claim against Franchisor, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts and things, except that Franchisee shall bear the salary costs of its employees, and Franchisor shall bear the costs of any judgment or settlement only if related to the validity or ownership of the mark. To the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisee shall reimburse Franchisor for the cost of such litigation, including without limitation attorneys' fees, as well as the cost of any judgment or settlement.

6.3 Franchisee Acknowledgements. Franchisee expressly understands and acknowledges that:

A. The Proprietary Marks are valid, owned by Franchisor, and serve to identify the System and those who are authorized to operate under the System.

B. Neither Franchisee nor any principal of Franchisee shall directly or indirectly contest the validity or Franchisor's ownership of the Proprietary Marks, nor shall Franchisee, directly or indirectly, seek to register the Proprietary Marks with any government agency, except with Franchisor's express prior written consent.

C. Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

D. Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

E. The right and license of the Proprietary Marks granted hereunder to Franchisee is non-exclusive, and Franchisor thus has and retains the rights, among others:

(1) To use the Proprietary Marks itself in connection with selling products and services;

(2) To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees or other licensees authorized to operate using the Proprietary Marks;

(3) To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

F. Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Proprietary Marks no longer can be used, or if Franchisor, exercising its right to do so, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, Franchisee shall implement at Franchisee's expense such substituted

proprietary marks in such ways as Franchisor may direct, and the use of the substituted proprietary marks shall be governed by the terms of this Agreement.

6.4 Operational Standards. Franchisee agrees to maintain a high moral and ethical standard in the operation and conduct of his or her Franchised Business and shall not take any action that will damage or impair the goodwill among the public for the “Crown Trophy” name. Franchisee shall supervise and evaluate the performance of his/her staff to ensure that each renders competent, efficient and quality service to the general public.

## **ARTICLE VII**

### **CONFIDENTIAL OPERATIONS MANUAL**

7.1 Manual. In order to protect the reputation and good will of Franchisor and the System and to maintain requisite operating standards under the Proprietary Marks, Franchisee shall conduct the Franchised Business in accordance with the provisions, standards, and procedures set forth in this Agreement and in the Manual. The Manual may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, including, without limitation, catalog information and proprietary trophy style components and design information, and Franchisee acknowledges that it may receive a portion or all of the Manual including amendments and updates, or other restructured information and materials in, or via, electronic media, including without limitation, through the Internet. The Manual may contain mandatory and suggested specifications, standards and operating procedures that Franchisor develops for Stores and information relating to other obligations of Franchisee. Any required specifications, standards, and/or operating procedures exist to protect Franchisor’s interests in the System and the Proprietary Marks and to create a uniform customer experience. They are not for the purpose of establishing any control or duty to take control over the day-to-day operational matters reserved to Franchisee.

7.2 Confidentiality of Manual. Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not, at any time, without Franchisor’s prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.3 Property of Franchisor. The Manual shall at all times remain the sole property of Franchisor, and shall be returned to Franchisor immediately upon expiration or termination of this Agreement. Franchisee shall at all times ensure that his/her copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at its home office shall be controlling.

7.4 Revisions to Manual. Franchisor may, from time to time, revise the contents of the Manual when it reasonably considers such revisions to be necessary to improve or maintain the standards of the System. Franchisee expressly agrees to comply with each new or changed standard. Any revisions to the contents of the Manual shall be deemed effective seven (7) days after the date of e-mailing or mailing such revisions to Franchisee, unless otherwise specified by Franchisor. Franchisee acknowledges that the contents of the Manual and any revisions or modifications made thereto shall constitute provisions of this Agreement as if fully set forth herein.

## **ARTICLE VIII**

### **CONFIDENTIAL INFORMATION**

8.1 Confidential Information. Franchisee hereby agrees that he shall not, during the initial term of this Agreement, any renewal term thereof, or at any time thereafter divulge or use for the benefit of any other person(s), partnership, proprietorship, association, corporation or entity, any “confidential information”, which means any knowledge or know-how concerning the systems of operation, products, programs, services, customers or practices of Franchisee and/or of Franchisor and/or pertaining to the System which may be communicated to Franchisee or any information, data or material collected or generated by Franchisee during the term hereof through or in connection with the operation of the Franchise or use of any of Franchisor’s Proprietary Marks. Franchisee agrees that the foregoing confidential information, which may or may not be considered “trade secrets” under prevailing judicial interpretations or statutes, is private, valuable, and constitutes “trade secrets” belonging to Franchisor.

Franchisee agrees that Franchisor derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means, by another person. Franchisee agrees that Franchisee will not acquire any interest in such confidential information, other than the right to use it as Franchisor specifies. All of the aforesaid materials and any and all information, knowledge, know-how, techniques and information which Franchisor, or its officers designate as confidential shall be deemed the property of Franchisor and shall be deemed confidential information for the purposes of this Agreement, except information which Franchisee can demonstrate came to his attention prior to the disclosure thereof by Franchisor or which, at or after the time of disclosure by Franchisor to Franchisee, has become a part of the public domain through publication or communication by others (but in no event through any act of Franchisee). Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manual.

8.2 No Duplication of Confidential Information. Franchisee shall not at any time copy, duplicate, record or otherwise reproduce any of the confidential information or material, in whole or in part, or otherwise make same available to any third party except as authorized herein. Upon the expiration or other termination of this Agreement, Franchisee shall return to Franchisor all confidential information including all materials, books, records and manuals deemed to be confidential herein which are in Franchisee's possession.

8.3 Limitations on Exchange of Confidential Information. Franchisee, and if required by Franchisor, Franchisee's Manager(s) and other employees who are required to successfully complete Franchisor's Initial Training Program shall divulge only such confidential information as may be necessary, and then only to such of Franchisee's full time and/or part time employees, agents or independent contractors as must have access to it, in order to conduct the operation of the Store franchised hereby. Franchisee shall take those precautions as shall be necessary to ensure that his employees retain such information in confidence. Franchisee specifically undertakes to procure the execution by each such Manager and key employee of Franchisor's Standard Form Confidentiality and Non-Compete Agreement (hereinafter referred to as the "Confidentiality Agreement"), a form of which is annexed hereto as Exhibit "J", prior to the commencement of employment. Franchisee shall submit copies of all such executed Agreements for receipt by Franchisor within ten (10) days of the commencement of employment of any key employee.

8.4 Confidentiality Agreement. If Franchisee is a corporation, Franchisee shall cause each officer, director and shareholder thereof to execute Franchisor's Confidentiality Agreement within ten (10) days of the execution of this Agreement or, in the case of an individual who assumes the status of officer, director or shareholder subsequent thereto, within ten (10) days of his assumption of such status. If Franchisee is a partnership or proprietorship, Franchisee shall cause each partner, proprietor or other beneficial owner to execute said Confidentiality Agreement within ten (10) days of the execution of this Agreement or, in the case of an individual who assumes the status of partner, proprietor or beneficial owner subsequent thereto, within ten (10) days after his assumption of such status.

8.5 Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Article VIII will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor when Franchisor seeks to obtain specific performance of, or an injunction against violation of, the requirements of this Article VIII.

## **ARTICLE IX** **ADVERTISING AND PROMOTION**

9.1 Marketing Program. Franchisee acknowledges that Franchisor has explained the importance of the creation and maintenance of a full-time marketing program. Franchisee further acknowledges that a vital element of success of any Crown Trophy franchise lies in the creation and maintenance of a full-time marketing program. Accordingly, Franchisee agrees to initiate and maintain a regular, ongoing marketing program, spending a minimum of three hours per day, or a minimum of fifteen hours per week, either personally or through an employee, pursuing a marketing program. Franchisee further agrees to create a marketing file and record all marketing activities therein. This file shall remain on the premises and be available to Franchisor to review upon reasonable notice. In addition to the foregoing, Franchisee is obligated to use his best efforts to advertise and promote its Franchised Business, but only within its Territory, and only to customers and potential customers located within its Territory unless otherwise

approved in advance by Franchisor in writing. The form and nature of the advertising and promotion shall be determined by Franchisee, subject to the conditions of this Article IX. Notwithstanding the foregoing, Franchisee is required throughout the term of this Agreement to maintain an advertisement in a Yellow Pages directory circulated throughout Franchisee's Territory.

9.2 Approval of Advertising. All advertising or sales material, including copy for its Yellow Page advertisement or any materials utilizing any of Franchisor's Proprietary marks, must be submitted in advance to Franchisor for its approval. Franchisor will respond to requests for approval within fifteen (15) days following the submission thereof. Franchisor will not unreasonably withhold its approval.

9.3 Franchisor-Created Materials. During the term of this Agreement, Franchisor may create and make available to Franchisee advertising plans and promotional materials including, but not limited to, catalogs, flyers, direct mail materials and similar advertising and promotional materials related to the Products. Franchisee will be required to pay Franchisor for such materials on a cost recovery basis. Other than with respect to catalogs, which are required to be purchased in accordance with Section 5.7 of this Agreement, Franchisee shall have the right, but not the obligation, to purchase such materials from Franchisor.

9.4 No Internet Advertising. Franchisee acknowledges that it is prohibited from marketing or advertising its Franchised Business or selling any Products via any computer network or electronic means of commerce including, without limitation, the Internet or any similar means of communication or commerce currently existing or hereafter developed, without Franchisor's prior written consent and approval, and subject in all cases to such terms and conditions as may be established by Franchisor.

9.5 Fund. Franchisor shall have the right to establish, at any time, a marketing, advertising, promotional, or creative fund (the "Fund") as described in this Section 9. The Fund, if created, shall be maintained and administered by Franchisor or its designee, as follows:

A. Franchisor or its designee shall have the right to direct all advertising programs, as well as all aspects thereof, including without limitation, the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition, acceptance, and use of the System and the Products; and that Franchisor and its designee are not obligated, in administering the Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Fund.

B. The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively (except as otherwise provided in this Section 9.5) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the System, including, without limitation, the costs of preparing and conducting: media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; developing new or modified Store décor, trade dress, and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising programs; purchasing media space or time; providing promotional and other marketing materials and services to the Stores operated under the System; and the salaries of Franchisor's employees to the extent such employees provide services in conjunction with System marketing activities. The Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Franchisor, which products, services, or improvements Franchisor shall have the right to determine will promote general public awareness and favorable support for the System.

C. Franchisee shall contribute to the Fund in the manner specified in Section 4 above. All sums paid by Franchisee to the Fund shall be maintained in an account separate from Franchisor's other monies. Franchisor shall have the right to charge the Fund for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the direction and implementation of the Fund and advertising programs for franchisees and the System, including, without limitation, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs and accounting services reasonably

related to the operation and functions of the Fund. The Fund and its earnings shall not otherwise inure to the benefit of Franchisor. Franchisor or its designee shall maintain separate bookkeeping accounts for the Fund.

D. The Fund is not intend to be, nor be treated as, an asset of Franchisor, nor a trust, and Franchisor does not assume any fiduciary obligation to Franchisee for maintaining, directing or administering the Fund or for any other reason. Any amounts in the Fund that are not spent in a fiscal year shall be carried over for use in the following year. A statement of the operations of the Fund as shown on the books of Franchisor shall be prepared annually by Franchisor and shall be made available to Franchisee on an annual basis.

E. Although the Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and/or promotional purposes.

9.6 Contribution. If Franchisor establishes a Fund, for each month during the term of this Agreement, Franchisee shall contribute an amount which, in the aggregate, is equal to up to two percent (2%) of the gross sales of the Store during the preceding month (the “**Advertising Contribution**”). The Advertising Contribution shall be paid by Franchisee in the manner required under Section 4 above (or as otherwise provided in this Section 9). In addition:

A. Franchisee’s Advertising Contribution shall be paid to the Fund, or spent by Franchisee on local advertising and promotion, in such proportions as may be designated by Franchisor.

B. Franchisor shall have the right, upon written notice to Franchisee, to increase the Advertising Contribution to three percent (3%) of gross sales.

C. The Advertising Contribution shall be in addition to any advertising, marketing, or promotional payments, contributions, or actions required under Franchisee’s lease.

9.7 Website; Website Services Fee. Franchisee acknowledges and agrees that one or more Websites that identify and promote Crown products and Crown Trophy stores is beneficial to the goodwill, public image, and reputation of Crown Trophy stores, the Proprietary Marks, and the System, and that Franchisor has the right to establish and operate one or more Websites. Franchisee agrees to pay to Franchisor, within thirty (30) days following receipt of Franchisor’s invoice, an annual Website Services Fee. The current Website Services Fee is one thousand seven hundred dollars (\$1,700). Franchisor may revise the Website Services Fee upon thirty (30) days prior written notice to Franchisee, but such change shall not occur more frequently than once a calendar year. and such increase shall not be more than ten percent (10%) per year. Franchisee acknowledges that not all franchisees or operators of Crown Trophy stores may be required by their contracts to pay a, or the same, Website Services Fee.

## **ARTICLE X**

### **ACCOUNTING AND RECORDS**

10.1 Books and Records. Franchisee shall maintain during the term of this Agreement and shall preserve for the time period specified in the Manual, full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing.

10.2 Periodic Reports. Monthly, during the term of this Agreement, Franchisee must submit to Franchisor, no later than the tenth (10th) day of each month for the prior month’s activities, the Customer Sales Summary Report, which contains customers’ names and amount of sales to each, along with Franchisor’s Royalty Statement Invoice, both of which reports shall be certified as true and correct by the Franchisee. The form must be accompanied by the payment of the continuing monthly service fee pursuant to Section 4.1.C. above, together with such other data and information regarding the operation of the Store as Franchisor may reasonably require.

10.3 Tax Reports. The Franchisee shall submit to Franchisor, upon request, a copy of any and all federal and/or state sales or income tax returns applicable to the Store.

10.4 Sales Reports. Annually during the term of this Agreement, the Franchisee must submit to Franchisor, no later than January 20 of the following year for the prior year’s activities, a report of sales by each

customer and purchases from each vendor during the prior year on forms prescribed by or supplied by Franchisor, and such other data and information regarding the operation of the Store as Franchisor may reasonably require.

10.5 Financial Reports. Franchisee shall, at his expense, submit to Franchisor, within ninety (90) days of the end of each fiscal or calendar year of Franchisee during the term of this Agreement and any renewals thereof, a complete financial statement for the said fiscal or calendar year, including but not limited to both an income statement and a balance sheet prepared by an independent certified public accountant, together with such other information, in such form as Franchisor may reasonably require. Franchisor reserves the right from time to time, at its sole discretion, to require this fiscal or calendar year financial statement to be a certified audited financial statement, including both an income statement and a balance sheet certified by a certified public accountant.

10.6 Other Reports. Franchisee shall also submit to Franchisor current financial statements and such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

10.7 Audit. Franchisor or its designated agents shall have the right, at all reasonable times, and without prior notice, to examine and copy, at its expense, any and all the Franchisee's records and books of account, including Franchisee's computer systems, electronic sales system and books and records in any medium. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of the Franchisee. If an audit should reveal that payments due Franchisor have been understated by two (2%) percent or more in any report to Franchisor, then Franchisor may, at its option, charge Franchisee for any and all costs and expenses connected with the audit conducted by the independent auditors (including, without limitation, reasonable accounting and attorneys' fees). Franchisee shall also immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the lesser of 1.5% per month, beginning on the date payment was due, or the maximum rate permitted by law. If same is found to be understated by five (5%) percent or more or if Franchisee refuses to permit Franchisor to conduct an audit in accordance with this paragraph, then such understatement or refusal shall constitute an incurable breach of this Agreement, and Franchisor shall have the right to terminate this Agreement immediately upon written notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

## **ARTICLE XI** **INSURANCE**

11.1 Franchisee's Insurance Obligations. Franchisee shall, during the term of this Agreement, or any extension thereof, at his or her sole cost and expense, carry the following types of insurance in not less than the amounts specified and in the form hereinafter provided for:

A. Public Liability and Property Damage, General Public Liability Insurance, including Completed Operations Coverage, Fire Legal Liability, Advertising Liability and Contractual Liability Insurance, covering the Franchised Business and Franchisee's use thereof against claims for personal injury or death and property damage occurring upon, in or about the Franchised Business. Such insurance shall afford protection to the limit of not less than Five Hundred Thousand Dollars (\$500,000) in respect of injury or death to any number of persons arising out of any one occurrence, and such insurance against property damage to afford protection to the limit of not less than Five Hundred Thousand Dollars (\$500,000) in respect of any instance of property damage. The insurance coverage required under this paragraph shall, in addition, extend to any liability of the Franchisee arising out of the indemnities provided for in Section 17.3 hereof; and

B. Tenant Improvements and Property Insurance covering all of the Franchisee's leasehold improvements, heating, ventilating and air conditioning equipment, trade fixtures, inventory and personal property from time to time in, on, or upon the Store, and any alterations, additions or changes made by Franchisee at any time in an amount not less than the full replacement cost from time to time during the term of this Agreement, providing protection against perils included with the standard form of fire and extended coverage insurance policy, together with insurance against sprinkler damage, vandalism and malicious mischief. Any policy proceeds from such insurance shall be held in trust by Franchisee for the repair, reconstruction, restoration or replacement of the property damaged or destroyed unless the Franchisee's lease shall cease and terminate pursuant to the terms thereof.

Franchisee shall also, during the term of this Agreement, or any extension thereof, at his/her own costs and expense, keep in force Worker's Compensation Insurance to the full extent of Statutory Regulations.

11.2 Certificates of Insurance. All such insurance shall name Franchisor and Franchisor's officers, directors, partners, members, affiliates, subsidiaries and employees as additional insureds thereunder, shall apply on a primary and non-contributory basis, shall not be limited to vicarious liability, and shall extend to the negligent acts, errors or omissions of Franchisor or additional insured, and shall be issued in a form acceptable to Franchisor by insurance companies with general policyholder's rating of not less than A and a financial rating of "AAA" as rated in the most current available "Best's Insurance Reports", and qualified to do business in the state where Franchisee is located. Subrogation shall be waived on each applicable insurance policy where allowed by law. Executed copies of insurance policies, certificates of insurance, endorsements, declarations and other documents requested by Franchisor shall be delivered to Franchisor within thirty (30) days after the execution of this Agreement and thereafter within thirty (30) days prior to the expiration of each said policy, in addition to promptly following Franchisor's request. All such policies of insurance shall contain the provision that the company writing said policy shall give Franchisor at least thirty (30) days' notice in writing in advance of any cancellations, or lapse, or the effective date of any reduction in the amounts, or insurance. In the event the Franchisee fails to comply with all insurance requirements herein, Franchisor may, but shall not be required to, obtain such insurance and keep it in force, and Franchisee shall pay Franchisor, upon demand, the premium costs thereof. The failure to comply with these insurance requirements shall also constitute a default by the Franchisee under this Agreement. Franchisee's obligation to obtain and maintain the foregoing types of insurance shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's procurement of insurance relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations.

## **ARTICLE XII** **TRANSFER OF INTEREST**

12.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity, provided such person or legal entity agrees to be bound by all of the terms and conditions set forth herein and agrees to assume same.

12.2 Transfer by Franchisee:

A. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any owner of an interest in Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in this franchise, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee or the assets of Franchisee, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any ownership interest in Franchisee, or in the Franchised Business, or all or substantially all of the assets of the Franchised Business, or in this franchise or in any legal entity which directly or indirectly owns Franchisee, the Franchised Business, or the rights under this Agreement, without the prior written consent of Franchisor, which consent shall be subject to the conditions precedent set forth below, but which will not be unreasonably withheld; provided, however, that Franchisor's prior written consent shall not be required for a transfer of less than a five (5%) percent interest to a publicly-held corporation. A publicly-held corporation is a corporation subject to the periodic reporting and filing requirements under the Securities Exchange Act of 1934. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor required by this Section 12.2.A., shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 13.2 of this Agreement.

B. In the event Franchisee desires to transfer all or any portion of his/her interest in the Franchise, he/she shall first notify Franchisor in writing by certified mail of such desire to transfer. The notification shall include Franchisee's "asking price" for the franchise and proposed payment terms and conditions. Upon receipt of such notification, Franchisor shall have the option to purchase the Franchise from Franchisee on the terms set forth in the notification. If Franchisor does not exercise the right to purchase, it will, if Franchisee desires, assist Franchisee in seeking a third party purchaser, subject to the terms and conditions of this agreement.

C. If Franchisor does not exercise the foregoing right to purchase, Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, this Agreement, or in the Franchised Business, subject to Franchisor's prior right of first refusal and subject to the following conditions:

(1) All of Franchisee's monetary obligations to Franchisor, its subsidiaries or affiliated companies and any other creditors or trade creditors, including, but not limited to Franchisee's landlord, shall have been satisfied;

(2) Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee, Franchisor or Franchisee's landlord;

(3) The Franchisee and its owners, officers, directors, and guarantors shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its current and former subsidiaries and affiliates, and their respective past and present owners, officers, directors, shareholders, agents, representatives, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, provided however, that all rights enjoyed by the Franchisee and any causes of action arising in his favor from the provisions of Article 33 of the GBL and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of the GBL Sections 687.4 and 687.5 be satisfied;

(4) The transferee shall demonstrate to Franchisor's reasonable satisfaction that it meets Franchisor's then-current managerial and business standards for all new franchisees; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business herein (as may be evidenced by prior related business experience or otherwise); and has sufficient equity capital in the business to be acquired to result in a debt-to-equity ratio of one-to-one, or such other debt-equity ratio as may be approved by Franchisor;

(5) At Franchisor's option, the transferee shall: (i) execute (and/or, upon Franchisor's request, shall cause all interested parties to execute) for the unexpired term of this Agreement, the then-current standard form of Franchise Agreement and other ancillary agreements, including, without limitation, personal guaranties, as Franchisor may require for the operation of the Franchised Business, which agreements shall supersede this Agreement in all respects, it being understood that the new Franchise Agreement may provide for an increase in the Continuing Monthly Service Fee and an increase in, or establishment of, advertising fees to the then current fees charged to franchisees entering into the System for the first time; or (ii) agree in writing to discharge, and assume, all of Franchisee's obligations under this Agreement for the balance of the term including, but not limited to, the assumption of all personal guarantees made by Franchisee or its principals to Franchisor;

(6) At the transferee's expense, the transferee shall complete any training programs then in effect for all new franchisees entering the System;

(7) Franchisee shall remain liable for all of the obligations owed to Franchisor in connection with the Franchised Business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(8) Except in the case of a permitted intra-family transfer, a transfer fee of \$12,500 shall be paid by the Franchisee to Franchisor to cover Franchisor's administrative, training and other expenses incurred in connection with the transfer;

(9) A transferee or assignee shall not own or operate, either directly or indirectly, a trophy manufacturing company, a trophy wholesale company or a licensor of trophy stores; and

(10) The transferee must provide Franchisor with a copy of all agreements relating to the transfer of the Franchise from Franchisee to the transferee prior to the closing of the proposed transfer transaction.

D. Any purchase and sale agreement between the transferor and transferee shall provide for and require that the Franchised Business shall continue to operate without interruption during the transfer.

E. Franchisee acknowledges and agrees that each condition which must be met by the transferee is reasonable in nature and is necessary to assure such transferee's full performance of the obligations hereunder and to assure conformity within the System.

F. Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Section, and may do so in the Manual or otherwise in writing. Franchisor may, but is not obligated to, provide additional details regarding the transfer conditions and Franchisor's consent to transfer to Franchisee.

12.3 Corporate Franchisee. In the event Franchisee, who is an individual, wishes to assign this Agreement to a corporation or limited liability company formed after this Agreement is executed, solely for the convenience of ownership of the Franchised Business, and not to avoid personal liability under the terms hereof, then the following conditions must be complied with:

A. Franchisee's newly formed corporation or limited liability company shall be organized and duly formed, and its charter shall at all times provide that its activities are confined exclusively to the operation of the Franchised Business herein;

B. Copies of Franchisee's Articles of Incorporation, bylaws, Articles of Organization, Operating Agreement and other governing documents, and any amendments thereto, including the resolutions of the Board of Directors authorizing entry into this Agreement, shall be promptly delivered to Franchisor;

C. Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock or membership certificate of Franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further transfer or assignment thereof is subject to, all restrictions on assignments imposed by this Agreement; provided, however, that the requirements of this Section 12.3 C. shall not apply if the Franchisee's corporation or limited liability company is publicly-held;

D. Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock or membership interest of Franchisee and shall furnish the list to Franchisor upon request. In the event that the franchisee is an individual who is transferring this franchise to a corporation or limited liability company solely for the convenience of ownership, said Franchisee shall at all times own at least fifty-one (51%) percent of equity and voting stock in such corporation or limited liability company;

E. All shareholders or members of Franchisee shall jointly and severally personally guarantee Franchisee's obligations and performance hereunder and shall bind themselves to the terms of this Agreement, by executing a Transfer of Franchise to a Corporation or limited liability company form, providing, however, that the requirements of this Section 12.3 E. shall not apply if Franchisee's corporation is publicly-held;

F. In no event shall the transfer of the franchise to a corporation by the individual Franchisee relieve himself or herself from personal liability under any or all of the terms and conditions of this Agreement; and

G. For the purposes of this section, a corporation or limited liability company shall be deemed to be "publicly held" if any class of its equity securities is registered under § 12 of the Securities Exchange Act of 1934 and the corporation or limited liability company is required to comply with the periodic reporting requirements under such Act.

12.4 Issuance of Securities. Securities of the Franchisee may not be offered publicly or privately except with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All registration materials required for such offering by federal or state laws shall be submitted to Franchisor for review prior to their being filed with any government agency and any materials to be used in any exempt offering shall be submitted to

Franchisor for review prior to their use. No public or private offering by Franchisee shall imply (by way of Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, public or private offering of Franchisee's or Franchisor's securities, and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the registration must fully indemnify and hold Franchisor harmless in connection with the registration. For each proposed public or private offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor at least sixty (60) days prior written notice prior to the effective date of any public or private offering, or other transaction covered by this Section 12.4.

#### 12.5 Franchisor's Right of First Refusal:

A. Franchisor shall have the right of first refusal on any sale, transfer or assignment of the Franchisee's interest in the ownership of the franchise or all or substantially all of the assets of the Franchised Business, or the sale, transfer or assignment of an owner's interest in Franchisee. In the event such a sale, transfer or assignment is desired by the Franchisee or an owner of the Franchisee, the Franchisee or such owner shall present to Franchisor, a written bona fide contract, signed and dated by the Franchisee or owner and the prospective purchaser or assignee, prior to any such sale, transfer or assignment. The exercise of such right of first refusal by Franchisor shall be on the same terms, price and conditions as offered by any bona fide third party to the Franchisee, as stated in said contract. Franchisor shall have thirty (30) days from the receipt of said contract to exercise its right of first refusal by serving written notice of such intent to the Franchisee. In the event of such exercise, the sale, transfer or assignment by the Franchisee or the owner to Franchisor shall take place pursuant to terms and conditions as stated in the contract which the Franchisee or the owner had presented to Franchisor, except that the closing thereon shall take place at such location as Franchisor may select. In the event Franchisor elects not to exercise its right of refusal, the Franchisee or the owner then may consummate the bona fide written contract previously submitted to Franchisor. Franchisor shall then have the right to review said contract in order to guaranty its compliance with the requirements detailed below.

B. Any proposed contract of sale presented by the Franchisee to Franchisor for its review must contain provisions requiring the prospective franchisee to assume and abide by all the terms, provisions and obligations of this Agreement and that the Franchisee's lease must also specifically note Franchisor's right of first refusal and right to consent to such sale or assignment before any such sale or assignment may take place.

C. In the event that a proposed transfer is between any two individuals or entities holding any interest in Franchisee as of the date of this Agreement, or in the event that the proposed transferee is the spouse, son, daughter, or heir of any individual who seeks to transfer any interest in Franchisee, Franchisor shall not have any right of first refusal as provided in this Section 12.5.

12.6 Transfer Upon Death, Mental or Physical Incapacity. Upon the death, mental or physical incapacity of any person with an interest in this franchise or in Franchisee, the executor, administrator, or personal representative of such person shall transfer his interest to a third party to be approved by Franchisor within one (1) year after such death, mental or physical incapacity, provided, however, that during such transition period the Store must continue to be operated normally. The sole exception hereunder shall be the transfer, pursuant to a *bona fide* buy-sell agreement, to the surviving shareholder of the Franchisee, if same is a corporation or limited liability company or the surviving spouse or surviving children of the Franchisee. Such transfers, except as aforementioned, shall be subject to the same conditions as any *inter vivos* transfer, i.e., as set forth in Section 12.2 hereof. If the interest is not disposed of within said one (1) year, Franchisor shall have the option to repurchase the franchise under Section 12.5 hereof for the fair market value thereof as determined by an independent appraiser selected by Franchisor and Franchisee's representative or Franchisor may, at its option, terminate this Agreement without further notice.

12.7 Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

### ARTICLE XIII

#### DEFAULT AND TERMINATION

13.1 Default and Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall, upon sixty (60) days written notice to Franchisee, terminate if Franchisee shall become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee and dismissed by the Court within thirty (30) days after filing, or if Franchisee is adjudicated a bankrupt or insolvent, or if a bill in equity or other proceeding for the appointment of a receiver is consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction and not dismissed by the Court within thirty (30) days after filing.

13.2 Termination With Notice and Opportunity to Cure. Except as provided in Section 13.1 of this Agreement, Franchisee shall have thirty (30) days after the mailing by Franchisor of a written Notice of Termination within which to remedy any default hereunder and to provide evidence thereof to Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure to substantially comply with the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:

- A. If Franchisee fails to commence business within the time period specified in Section 5.2 hereof;
- B. If Franchisee ceases to operate the Franchised Business as provided for in Franchisee's lease for the premises or otherwise abandons the business or forfeits the legal right to do or transact business in the jurisdiction where the Franchised Business is located for a period of five (5) consecutive days, without Franchisor's prior written consent, except where same is due to fire, illness, family death or other acts of God;
- C. If Franchisee is convicted of a felony, a crime involving moral turpitude, consumer fraud, or any other crime or offense that Franchisor reasonably believes would have an adverse effect on the System, the Proprietary Marks, the good will associated therewith, or Franchisor's interest therein;
- D. If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent, contrary to the terms of Article XII hereof;
- E. If Franchisee fails to maintain and operate the Franchised Business in accordance with the specifications, standards and policies prescribed by Franchisor in this Agreement or in the Manual;
- F. If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristic of the System, or otherwise materially impairs the good will associated therewith or Franchisor's rights therein;
- G. If Franchisee discloses or divulges the contents of the Manual or other trade secret or confidential information provided Franchisee by Franchisor, contrary to the terms of Articles VII and VIII hereof;
- H. If Franchisee fails to complete his or her initial training program to the reasonable satisfaction of Franchisor;
- I. If Franchisee fails to comply with the provisions of Articles IV, V, VI, IX and XVI hereof;
- J. If Franchisee fails, refuses, or neglects to promptly pay the continuing monthly service fee or any other amount owed to Franchisor, or to any vendor, trade creditor or affiliate of Franchisor on the date it is due;
- K. If the Franchisee fails to cooperate with inspections or audits by Franchisor as authorized by this Agreement;

L. If the Franchisee commits any act or omission which constitutes a default pursuant to the terms and conditions of Franchisee's lease and Franchisee fails to cure such default in accordance with the terms of said lease;

M. If Franchisee fails, refuses, or neglects to submit to Franchisor any financial or other information required under this Agreement on the date it is due or fails to permit Franchisor to exercise its audit rights as set forth in Article 10.7 hereof;

N. If Franchisee fails to implement and maintain the marketing program as required under Section 9.1 hereof, fails to purchase the minimum number of catalogs in accordance with Section 5.7 hereof, or markets or attempts to market or advertise the Products through the Internet or other electronic means in violation of Section 9.4 hereof;

O. If Franchisee fails to utilize its full-time best efforts in the operation of the Franchised Business as required under Section 5.6 hereof;

P. If Franchisee, directly or indirectly, commences or conducts any business operation, or markets any product, device or service under any name or Proprietary Marks which, in Franchisor's sole opinion, is confusingly similar to the Proprietary Marks; or

Q. Except as provided in Section 13.2 D. hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

13.3 Termination With Notice and Without Opportunity to Cure. Notwithstanding any other provision of this Section 13, Franchisor shall have the right to terminate this Agreement immediately upon written notice, without Franchisee having any opportunity to cure, in the event:

A. Any audit conducted by or on behalf of Franchisor determines that Franchisee has understated its gross sales for any monthly, quarterly or annual period by five percent (5%) or more or Franchisee refuses to allow Franchisor to conduct, or cooperate in connection with the conduct of, any audit in accordance with Section 10.7 of this Agreement; or

B. If Franchisee fails to comply with the in-term covenants in Section 15.2 hereof or fails to obtain execution of covenants as required under Section 15.9 hereof;

C. If Franchisee discloses or divulges the contents of the Manual or other trade secret or confidential information provided Franchisee by Franchisor, contrary to the terms of Articles VII and VIII hereof; or

D. Franchisee commits three (3) separate acts of default under Section 13.2, whether or not cured after notice has been provided, during any twenty-four (24) month period.

E. Franchisee is in default of the terms of any other Crown Trophy franchise agreement or any other agreement with Franchisor or Franchisor's affiliates and (i) fails to cure each such default within the time period specified in such agreement, if such agreement permits the default to be cured, or (ii) the default is not curable.

13.4 Extended Notice of Termination. If any law applicable to this Section 13, or Section 2 above, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor or renewal franchise, than is required hereunder, a different standard of "good cause", or the taking of some other action not required hereunder, the prior notice, "good cause" standard, and/or other action required by such law shall be substituted for the comparable provisions hereof.

13.5 Assignment Upon Bankruptcy. If, for any reason, the Agreement is not terminated pursuant to this Section 13, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is contemplated, pursuant to the United States Bankruptcy Code,

then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of the Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of the Agreement. In the event Franchisor does not elect to exercise the options described in this Section 13.5, any transfer or assignment pursuant to the United States Bankruptcy Code shall be subject to the same terms and conditions of any other transfer or assignment set forth in Section 12.

13.6 Other Remedies. If Franchisor is entitled to terminate this Agreement in accordance with Sections 13.2 or 13.3 above, Franchisor shall have the right to undertake any one or more of the following actions instead of terminating this Agreement:

A. Franchisor may terminate or modify any rights that Franchisee may have with respect to protection, "exclusivity," or quasi-exclusivity in the Territory, as granted under Article I above, effective ten (10) days after delivery of written notice thereof to Franchisee; and/or

B. Franchisor may modify, or eliminate completely, the Territory described in Section 1.2 above.

If any of such rights, options, arrangements, or areas are terminated or modified in accordance with this Section 13.6, such action shall be without prejudice to Franchisor's right to terminate this Agreement in accordance with Sections 13.2 or 13.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

#### **ARTICLE XIV** **FRANCHISEE'S OBLIGATIONS UPON** **TERMINATION, NON-RENEWAL OR EXPIRATION**

Upon termination, non-renewal or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

14.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business under this agreement, and shall not thereafter, directly or indirectly, represent himself or herself to the public or hold himself or herself out as a present or former franchisee of Franchisor.

14.2 Assign Lease. Franchisee shall, at Franchisor's option, assign to Franchisor or Franchisor's designee, Franchisee's interest in any lease then in effect for the premises of the Franchised Business, and Franchisor shall notify Franchisee to whom such interest must be assigned within thirty (30) days after termination, non-renewal or expiration of this Agreement.

14.3 Cease Use of Marks. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the service mark and trade name "Crown Trophy" or any other Proprietary Marks and distinctive forms, slogans, signs, symbols, logos, copyrighted materials or devices associated with the System or any confusingly similar or related marks, slogans, signs, symbols, logos or other material. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Proprietary Marks or any confusingly similar or related marks, slogans, signs, symbols, logos or other material.

14.4 Cease Use of Telephone Numbers and Listings. Franchisee shall immediately cease to use any telephone numbers, Internet domain names, search engine registrations, post office box, and any other business

listings used by Franchisee in the Franchised Business, and the Assignment of Telephone Numbers which Franchisor was holding in escrow and which will, immediately upon termination or expiration of this Franchise Agreement, be released therefrom, shall be deemed effective in order to accomplish the foregoing results. In the event Franchisor requires Franchisee to assign the lease for the Store pursuant to Section 14.2 thereof, Franchisee shall execute such documents and do such other acts as may be necessary to permit Franchisor or its designee, at Franchisor's option, to assume the telephone number and listing, receive mail, and otherwise commence operations under the System and Proprietary Marks immediately at the location of the Store.

14.5 Modification of Premises. In the event that Franchisee is permitted to, and does remain in business at the premises of the Franchised Business, Franchisee shall make such modifications or alterations to the premises (including, without limitation, obtaining a new telephone number, de-identifying the premises and removing the "Crown Trophy" logo and signage therefrom and removing all interior modifications which create the Store's identity) immediately upon termination, non-renewal or expiration of this Agreement, as may be necessary to prevent the operation of any business therein by himself, herself, or others in derogation of this Article XIV, and Franchisee shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 14.5, Franchisor shall have the right to enter upon the premises where Franchisee's Franchised Business was conducted, without being guilty of trespass or any other tort, and without being guilty for any resulting damages, for the purpose of making or causing to be made such changes as may be required, at the expense of the Franchisee, which expense Franchisee agrees to pay upon demand.

14.6 Prohibition on Use of Similar Marks. In the event Franchisee continues to operate or subsequently begins to operate any other business from the premises where the franchised activities were conducted, Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to "Crown Trophy" name and the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor.

14.7 Payment of Monies Owed. Franchisee shall pay, within fifteen (15) days after termination, non-renewal or expiration, all sums of money owing to Franchisor, and/or Franchisor's affiliates or subsidiaries. In the event of termination caused by the default of the Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination and/or upon Franchisor obtaining injunctive or other relief for the enforcement of the provisions of this Article XIV and the minimum Continuing Monthly Service Fee for the remaining term of this Agreement.

14.8 Return of Manual and Other Confidential Information. Franchisee shall immediately turn over to Franchisor, the Manual, records, files, instructions, correspondence and brochures, and any and all other materials related to the operation of the Store, including, without limitation, computer files, information collected through any website and any other information, data or material collected or generated by Franchisee during the term hereof through or in connection with the operation of the Franchised Business or use of any of Franchisor's Proprietary Marks, which are in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of the foregoing, except Franchisee's copy of this Agreement and any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

14.9 Signs. Franchisor shall have the right to any supplies, signs, advertising materials or other items bearing Franchisor's Proprietary Marks.

14.10 Franchisee's Obligations After Termination. Franchisee shall comply with all provisions of this Agreement that explicitly or implicitly concern Franchisee's obligations after termination, including, without limitation, the covenants contained in Article XV of this Agreement.

**ARTICLE XV**  
**NON-COMPETITION COVENANTS**

15.1 Full Time and Best Efforts. Franchisee covenants that during the term of this Agreement, Franchisee shall devote his or her full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

15.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information, including, without limitation, promotional, operational, sales, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for himself, herself or through, on behalf of, or in conjunction with any person, persons, or legal entity:

A. Divert or attempt to divert any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the good will associated with the Proprietary Marks and the System; or

B. Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) engaging, in whole, in part, in the activities conducted by the Franchisee, including, without limitation, the retail operation of a trophy store, and/or the manufacture or design of trophies, and any other type of service which Franchisee may be authorized to render hereunder.

15.3 Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article 12.2 hereof, and continuing for two (2) years from the date of: (a) a transfer permitted under Section 12 above; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 15.3 ("Restriction Period"), either directly or indirectly, for himself, herself or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted by the Franchisee, including, without limitation, the retail operation of a trophy store, and/or the manufacture or design of trophies, and any other type of service which Franchisee may be authorized to render hereunder, which is located:

A. At Franchisee's approved location for the Store;

B. Within the Franchisee's Territory or area of primary responsibility;

C. Within a radius of twenty-five (25) miles from the store, or within ten (10) miles from the boundary of the Territory;

D. Within a radius of fifteen (15) miles of the location of any present or future business using the System and/or the Proprietary Marks, whether franchised or owned by Franchisor or its subsidiary or affiliated companies.

Franchisee expressly agrees that during the Restriction Period, it will not maintain or operate any website or other similar presence or utilize any domain names, meta-tags or other similar identifiers which Franchisee used at any time during the term hereof in connection with the Franchised Business or which consist of, utilize or incorporate any of the Proprietary Marks or any confusingly similar or related trademarks, service marks or trade names.

15.4 Publicly-Held Corporations. Subsection 15.2 C. and 15.3 of this Article XV shall not apply to ownership by Franchisee of less than a five (5%) percent beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

15.5 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made part of this Article XV.

15.6 Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.2 and 15.3 of this Agreement, or any portion thereof, without Franchisee's written consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that he or she shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Article XXI hereof.

15.7 Enforcement of Claims. Franchisee expressly agrees that the existence of any claim that he or she may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article XV.

15.8 Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Article XV would cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the application for an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article XV. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

15.9 Execution of Covenants. At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Article XV (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons:

- A. Any persons employed by Franchisee who have received training from Franchisor;
- B. All officers, directors and holders of a beneficial interest of five (5%) percent or more of the securities of Franchisee, and of any corporation or limited liability company or indirectly controlling Franchisee, if Franchisee is a corporation or limited liability company;
- C. The general partners and any limited partners including any corporation, and the officers, directors, and holders of a beneficial interest of five (5%) percent or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and
- D. Each covenant to be required to be executed pursuant to this Section 15.9 shall be on a form supplied by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 15.9 shall constitute a default under Section 13.2 G. hereof.

## **ARTICLE XVI** **TAXES, PERMITS AND INDEBTEDNESS**

16.1 Taxes. Franchisee shall promptly pay, when due, all taxes levied or assessed, including, without limitation, federal, state and local unemployment and sales taxes, and all accounts and other indebtedness of every kind to public and private entities incurred by Franchisee in the conduct of the Franchised Business under this Agreement.

16.2 Tax Disputes. In the event of any *bona fide* dispute as to liability for taxes assessed or other indebtedness, such dispute shall be determined in accordance with procedures of the taxing authority or applicable

law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

16.3 Notification of Claims. Franchisee shall notify Franchisor, in writing, within five (5) days following the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, arising out of, concerning, or which may affect the operation or financial condition of the Franchised Business other than civil proceedings against customers to collect monies owed, but including, without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons.

## **ARTICLE XVII**

### **RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION**

17.1 No Fiduciary Relationship. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall at all times be an independent contractor, and that nothing in this Agreement is intended to constitute either party as a general or special agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. It is also understood and agreed by the parties hereto that Franchisor is not the employer of Franchisee or any of Franchisee's employees.

17.2 Identification as Independent Contractor. During the term of this Agreement and any extension hereof, Franchisee shall hold himself or herself out to the public as an independent contractor operating the business pursuant to a franchise granted by Franchisor. Franchisee shall take such affirmative action as may be necessary to indicate same, including, without limitation, exhibiting a notice of that fact in a conspicuous place within the franchised premises, the content of which Franchisor reserves the right to specify.

17.3 No Agency. It is understood and agreed that (i) nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and (ii) Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in the operation of the Franchised Business, or any claim or judgment arising therefrom against Franchisor,

17.4 Indemnification. Franchisee shall, to the fullest extent permissible under applicable law, defend, indemnify and hold harmless Franchisor and its subsidiaries, affiliates, officers, directors, shareholders, employees, agents and designees from all obligations, losses, expenses and damages, as well as costs, including attorneys' fees, incurred in connection with or arising directly or indirectly from any and all actions, claims, suits, proceedings, demands, investigation or inquiry (formal or informal), or any settlement thereof for, as a result of, or in connection with this Agreement, Franchisee's operation of the Franchised Business, Franchisee's or Franchisee's employees' action or inaction, any claim that Franchisor is a joint employer with Franchisee for any reason, Franchisee's activities under this Agreement, and/or Franchisee's breach of this Agreement or any agreement with Franchisor or its affiliates, including, without limitation, those alleged to be caused by Franchisor's negligence, unless (and only to the extent that) the claims, obligations and damages are determined to be caused solely by Franchisor's gross negligence, or willful misconduct, or the commission of a civil wrong by Franchisor, or do not result from actions brought by third parties for infringement with respect to use of the Proprietary Marks, provided such infringement actions are caused solely by Franchisor including, but not limited to, claims brought by the Franchisee.

## **ARTICLE XVIII**

### **APPROVALS AND WAIVERS**

18.1 Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing.

18.2 No Warranties. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

18.3 Waivers. No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms and covenants contained herein. Waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's right to exercise the same; nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this franchise prior to the expiration of its term. Subsequent acceptance by Franchisor for any payments or partial payments due it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement or other amounts do.

18.4 No Obligations to Third Parties. Franchisor shall not, by virtue of any approvals, advice, or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Franchisor would not otherwise be subject.

**ARTICLE XIX**  
**FORCE MAJEURE**

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by and causes beyond their respective controls, including without limiting the generality of the foregoing, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections, terrorism, wars or acts of God. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

**ARTICLE XX**  
**NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown below, unless and until a different address has been designated by written notice to the other party:

NOTICES TO FRANCHISOR: Crown Trophy, Inc.  
9 Skyline Drive  
Hawthorne, NY 10532

COPY TO: Mark Kirsch, Esq.  
LATHROP GPM LLP  
The Watergate – Suite 700  
600 New Hampshire Avenue, NW  
Washington, DC 20037

NOTICES TO FRANCHISEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

**ARTICLE XXI**  
**ENTIRE AGREEMENT**

This Agreement and the Exhibits attached hereto constitute the entire, full, and complete Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes all prior and contemporaneous oral or written agreements, and no other representations have been made to induce Franchisee to execute this Agreement. No representations, inducements, promises, or agreements, oral or otherwise, not embodied herein or attached hereto (unless of a subsequent date) were made by either party, and none shall be of any force or effect with reference to this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. However, and notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document that we furnished to you.

**ARTICLE XXII**  
**SEVERABILITY AND CONSTRUCTION**

22.1 **Severability.** Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable. If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

22.2 **No Other Rights.** Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and such of their respective successors and assigns as may be contemplated by Article XII hereof, any rights or remedies under or by reason of this Agreement.

22.3 **Construction.** All captions in the Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.4 **References.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement in behalf of Franchisee.

22.5 **Counterparts.** This Agreement may be executed in triplicate, and each copy so executed shall be deemed an original.

**ARTICLE XXIII**  
**APPLICABLE LAW; ATTORNEYS' FEES;**  
**COSTS OF ENFORCEMENT**

23.1 **Governing Law.** Subject to Franchisor's rights under federal trademark laws and the parties' rights under the Federal Arbitration Act respecting Article XXIV below, this Agreement takes effect upon its acceptance and execution by Franchisor in New York, and this Agreement, and the relationship between the Franchisor and Franchisee shall be interpreted and construed under the procedural and substantive laws thereof, which laws shall prevail in the event of any conflict of law, except that any New York law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

23.2 No Exclusive Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

23.3 Injunctive Relief. Nothing herein contained shall bar Franchisor's right to seek injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

23.4 Venue. The parties herein irrevocably agree and consent that in any action for injunctive relief brought under this Article, each must unconditionally submit to the jurisdiction and venue of any local, state or federal court where Franchisor has its principal place of business at the time of filing of said action, and the parties acknowledge that as of the date of this Agreement said place is in the State of New York, County of Westchester.

23.5 RICO. The parties hereto agree and consent to waive any claims or rights that either might have against the other under the Federal Racketeer Influenced and Corrupt Organizations Laws (RICO).

23.6 Attorneys' Fees. Franchisor shall be entitled to recover from Franchisee reasonable attorneys' fees, experts' fees, interest, court costs, and all other expenses of litigation, in the event that Franchisor prevails in any action instituted against Franchisee in order to secure or protect those rights inuring to Franchisor under this Agreement, or to enforce the terms hereof. However, if Franchisor is not the prevailing party in such an action, as finally determined by the Court, then Franchisee shall be entitled to receive from Franchisor his reasonable attorneys' fees, expert fees, court costs and all other expenses of this litigation.

23.7 Attorneys' Fees and Expenses in Third-Party Claims. If Franchisor becomes a party to any action or proceeding concerning this Agreement, the franchised business, or the Store by reason of any act or omission of Franchisee or his authorized representatives and not by any act or omission of Franchisor or any act or omission of its authorized representatives, or if Franchisor becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding, Franchisee shall be liable to Franchisor for the reasonable attorneys' fees, experts' fees, interest, and court costs incurred by Franchisor in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, Franchisor shall be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency proceedings filed by Franchisee.

## **ARTICLE XXIV** **ARBITRATION**

24.1 Arbitration, Generally. Franchisor and Franchisee agree that all controversies, disputes, or claims between Franchisor, Franchisor's affiliates, and their respective owners, officers, managers, agents, and employees, as applicable, and Franchisee (and Franchisee's owners, guarantors, affiliates, and employees, as applicable) arising out of or related to:

- (i) this Agreement or any other agreement between Franchisee (and its owners and principals) and Franchisor;
- (ii) the relationship with Franchisee;
- (iii) the scope or validity of this Agreement or any other agreement between Franchisee (and its owners and Principals) and Franchisor (including the validity and scope of the arbitration obligation under this article, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator, not a court); or
- (iv) any System standard or requirement;

must be submitted for arbitration to Judicial Arbitration and Mediation Services, Inc. ("JAMS"). The arbitration proceedings will be conducted by one arbitrator and according to JAMS's then-current Comprehensive Arbitration Rules and Procedures if the claim for damages is for more than \$300,000, or JAMS's then-current streamlined

Arbitration Rules and Procedures if the claim for damages is for \$300,000 or less. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within thirty (30) miles of Franchisor's then existing principal business address. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) and not by any state arbitration law or other state law. The arbitrator shall decide issues of arbitrability. Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

24.2 **Relief and Awards.** The arbitrator has the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive or declaratory relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid and, Franchisor and Franchisee (and Franchisee's owners, if Franchisee is not a sole proprietorship) waive to the fullest extent permitted by law any right to or claim for any loss future profits or for exemplary, punitive, consequential, treble or other forms of multiple damages against the other. The arbitrator's award and decision are conclusive and binding upon all parties, and shall be enforceable by a court of competent jurisdiction.

24.3 **Limits on Arbitration.** Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier, except that Franchisor claims related to insurance coverage under Article XI and/or indemnification shall be subject only to the applicable state or federal statute of limitation. As used in this Section 24.3, "claims" means any allegation, challenge, demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 24.7 below. The arbitration proceedings and arbitration award shall be maintained by the parties as strictly confidential, except as is otherwise required by law or court order or as is necessary to confirm, vacate or enforce the award and for disclosure in confidence to the parties' respective attorneys and tax advisors.

24.4 **No Class-Wide Arbitration.** Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis, that only Franchisor (and Franchisor's affiliates, and their respective owners, officers, managers, agents, and employees, as applicable) and Franchisee (and Franchisee's owners, guarantors, affiliates, and employees, as applicable) may be the parties to any arbitration proceeding described in this Article XXIV, and that any such arbitration proceeding shall not be consolidated with any other arbitration proceeding between Franchisor and any other natural person, association, corporation, partnership, limited liability company or other entity. Franchisee also agrees not to seek joinder of any of its claims with those of any other party. Notwithstanding the foregoing or anything to the contrary in this Article XXIV, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 24.4, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Article XXIV (excluding this Section 24.4).

24.5 **Injunctive Relief.** Notwithstanding anything to the contrary contained in this Article XXIV, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit the dispute for arbitration on the merits as provided in this Article XXIV.

24.6 **Third-Party Non-Signatories.** The provisions of this Article XXIV are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

24.7 Fees and Costs. If either Franchisor or Franchisee seeks to enforce this Agreement in an arbitration, judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees and expert witness fees, interest, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel or living expenses) incurred in connection with such arbitration, judicial or other proceeding.

## **ARTICLE XXV**

### **LIABILITY OF "FRANCHISEE"**

25.1 Definition of Franchisee. The term "Franchisee" as used in this Agreement shall refer to each person executing this Agreement as Franchisee whether such person is one of the spouses, partners, proprietors, shareholders, trustees, trustors or beneficiaries or persons named as included in Franchisee, and shall apply to each such person as if he/she were the only named Franchisee in this Agreement. If Franchisee is a married couple, both husband and wife executing shall execute this Agreement shall be liable for all obligations and duties of Franchisee hereunder as if such spouse were the sole Franchisee hereunder. If Franchisee is a partnership or proprietorship, or if more than one person executes this Agreement as Franchisee, each partner, proprietor or person executing this Agreement shall be liable for all obligations and duties of Franchisee hereunder. If Franchisee is a trust, each trustee, grantor and beneficiary signing this Agreement shall be liable for all the obligations and duties of Franchisee hereunder. Franchisor reserves the right to refuse to execute this Agreement or accept Franchisee if Franchisee and its owners, or spouse fail to provide Franchisor with a copy of a binding agreement that describes each owner's or spouse's obligations with respect to this Agreement and the proposed disposition of assets in the event of a divorce or other dispute between the owners regarding ownership, operation, or disposition of the Franchisee's Business. If Franchisee is a corporation, all shareholders executing this Agreement shall be liable for all obligations and duties of Franchisee hereunder as if each such shareholder were the sole franchisee hereunder. If Franchisee is a limited liability company, all members executing this Agreement shall be liable for all obligations and duties of Franchisee hereunder as if each such member were the sole franchisee hereunder.

25.2 Guarantee. If Franchisee is an entity, each of his principals and/or owners shall, concurrently with the execution of this Agreement, execute Franchisor's Standard Form Guarantee (annexed hereto as Exhibit "E"), pursuant to which all obligations and duties of Franchisee are guaranteed by such individuals.

25.3 Liability of Owners and Spouses. Should Franchisee be in breach or default under this Agreement, Franchisor may proceed directly against each such spouse, partner, proprietor, signatory to this Agreement, shareholder, trustee, trustor, owner, principal or beneficiary without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, partner, proprietor, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary. The obligations of Franchisee and each such spouse, partner, proprietor, person executing this Agreement, shareholder, member, trustee, trustor and beneficiary shall be joint and several. Notice to or demand upon one spouse, partner, proprietor, person signing this Agreement, shareholder, member, trustee, owner, principal or beneficiary shall be deemed notice to or demand upon Franchisee and all such spouses, partners, proprietors, persons signing this Agreement, shareholders, members, trustees, owner, principal and beneficiaries, and no notice or demand need be made to or upon all such Franchisees, spouses, partners, proprietors, persons executing this Agreement, shareholders, members, trustees, trustors, owners, principals or beneficiaries. The cessation of or release from liability of Franchisee or any such spouse, partner, proprietor, person executing this Agreement, shareholder, member, trustee, trustor, owners, principals or beneficiary shall not relieve any other Franchisee, spouse, partner, proprietor, person executing this Agreement, shareholder, member, trustee, owner, principal or beneficiary from liability hereunder, except to the extent that the breach or default has been remedied or monies owed have been paid.

## **ARTICLE XXVI**

### **SURVIVAL**

26.1 Survival of Obligations After Expiration or Termination. Any provision of this Agreement which imposes an obligation following the termination or expiration hereof shall survive such termination or expiration and shall continue to be binding upon the parties hereto. Franchisor and Franchisee specifically agree that the provisions related to jurisdiction, venue, and arbitration in Articles XXIII and XXIV shall survive the termination or expiration of this Agreement.

26.2 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and permissible assigns.

## **ARTICLE XXVII** **ACKNOWLEDGMENTS**

27.1 Acknowledgments. Franchisee acknowledges, warrants and represents to Franchisor that:

A. No representation has been made by Franchisor (or any employee, agent or salesperson thereof) and relied upon by Franchisee as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Store franchised hereby, or any other Store, other than the information provided in Item 19 of Franchisor's Franchise Disclosure Document;

B. Prior to the execution of this Agreement, Franchisee has had the opportunity to contact existing franchisees of Franchisor;

C. Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder, and the terms and provisions of this Agreement, utilizing the services of legal counsel, accountants or other advisers (if Franchisee so elects) of his own choosing;

D. No representation or statement has been made by Franchisor (or any employee, agent or salesperson thereof) and relied upon by Franchisee regarding the anticipated income, earnings and growth of Franchisor or the System, or the viability of the business opportunity being offered hereunder;

E. Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) days prior to the execution of this Agreement or at least fourteen (14) days prior to the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted hereby;

F. Franchisee has been advised to consult with his own advisers with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee has either consulted with such advisors or has deliberately declined to do so; and

G. Franchisee affirms that all information set forth in all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, with Franchisee expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

## **ARTICLE XXVIII** **TIME IS OF THE ESSENCE**

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Agreement shall constitute a default under Section 13.2 of this Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

## **ARTICLE XXIX** **SUBMISSION OF AGREEMENT**

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution hereof by Franchisor and Franchisee. The date of execution by Franchisor shall be considered the date of execution of this Agreement.

**ARTICLE XXX**  
**RISK OF OPERATIONS**

FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES WITH RESPECT TO THE ESTABLISHMENT AND OPERATION OF THE FRANCHISED BUSINESS. THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTIES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR OR BY ANY ONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT IT, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, THE DESIRABILITY, PROFITABILITY OR EXPECTED CLIENT COUNT OF THE STORE FRANCHISED HEREBY, WHETHER OR NOT FRANCHISOR ASSISTED FRANCHISEE IN THE SELECTION OF THE LOCATION OF THE STORE. FRANCHISEE HEREBY ACKNOWLEDGES THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE. THEREFORE, FRANCHISEE RELEASES FRANCHISOR, ITS CURRENT AND FORMER SUBSIDIARIES AND AFFILIATES, AND THEIR RESPECTIVE PAST AND PRESENT OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS, REPRESENTATIVES, AND EMPLOYEES FROM ANY AND ALL CLAIMS SUITS AND LIABILITY RELATING TO THE OPERATION OF FRANCHISEE'S STORE INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS, EXCEPT TO THE EXTENT THAT THE SAME IS PREDICATED UPON THE BREACH OF A SPECIFIC WRITTEN OBLIGATION OF FRANCHISOR CONTAINED IN THIS AGREEMENT AND PROVIDED, HOWEVER, THAT ALL RIGHTS ENJOYED BY THE FRANCHISEE AND ANY CAUSE OF ACTION ARISING IN ITS FAVOR FROM THE PROVISIONS OF ARTICLE 33 OF THE NY GENERAL BUSINESS LAW ("GBL") AND THE REGULATIONS ISSUED THEREUNDER SHALL REMAIN IN FORCE; IT BEING THE INTENT OF THIS PROVISION THAT THE NON-WAIVER PROVISIONS OF GBL 687(4) AND 687(5) BE SATISFIED.

\_\_\_\_\_  
FRANCHISEE(S):

\_\_\_\_\_  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
\_\_\_\_\_  
(Printed Name)

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in triplicate on the day and year first above written.

**CROWN TROPHY, INC.**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

IN THE EVENT THERE ARE MINORITY OWNERS OF THE FRANCHISE OWNING INDIVIDUALLY OR COLLECTIVELY, AS A GROUP, 5% OR MORE OF THE FRANCHISE, THEY MUST SIGN THIS PAGE.

Each of the undersigned owns a five (5%) percent or greater beneficial interest in Franchisee; each has read this Franchise Agreement; and each agrees to be individually bound by all obligations of Franchisee hereunder:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**CROWN TROPHY, INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT "A"**  
**Area for Store Location**

The following describes the area within which Franchisee will locate his or her Store:

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Note: This is not the Territory. See Exhibit C for the Territory.

(Refer to Section 1.1 of Agreement)

**CROWN TROPHY, INC.**  
**FRANCHISE AGREEMENT**

**EXHIBIT "B"**

**Location of Store**

The following is the address of the Franchisee's Store:

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(Refer to Section 1.1 of Agreement)

**CROWN TROPHY, INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT “C”**

**Territory**

The following describes the Franchisee’s Territory (see Article I of the Franchise Agreement):

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**ZIP CODES WITHIN FRANCHISEE’S TERRITORY:**

|       |       |       |       |
|-------|-------|-------|-------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

(Refer to Section 1.1 of Agreement)

**MAP OF AREA OF TERRITORY  
(If Required)**

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "D"**

**Collateral Assignment of Lease**

FOR VALUE RECEIVED, the undersigned \_\_\_\_\_ (“Assignor”), hereby assigns, transfers and sets over to Crown Trophy, Inc., a New York corporation (“Assignee”) all of Assignor’s right, title, and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the “Lease”), respecting premises commonly known as \_\_\_\_\_ (“Address”). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a “Crown Trophy” franchise between Crown Trophy, Inc. and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

CROWN TROPHY, INC.

ASSIGNOR(S): (Individual)

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

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

WITNESS

ASSIGNOR(S) (Corporation or Partnership):

\_\_\_\_\_  
Name

a corporation of the State of \_\_\_\_\_

a partnership of the State of \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

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

\_\_\_\_\_  
WITNESS

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT “E”**

**Guarantee**

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications and amendments thereto (hereinafter collectively the “Agreement”) dated \_\_\_\_\_, \_\_\_\_\_, by and between Crown Trophy, Inc., a New York corporation (hereinafter the “Franchisor”) and \_\_\_\_\_ (hereinafter the “Franchisee”), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including without limitation the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word “indebtedness” is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.

3. If the Franchisee is a corporation, partnership or limited liability company, Franchisor shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Franchisee’s behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term the “undersigned,” as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

8. In each case where the spouse of a Franchisee has executed any documents in connection with the granting of the Agreement, and the Franchisee subsequently divorces from such spouse, then, in the event that the Franchisee subsequently remarries, the new spouse of such Franchisee must execute, and agree to be bound by the provisions of, each of the documents previously executed by the Franchisee’s original spouse.

9. If Franchisor is required to enforce this Guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’, arbitrators’, and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

10. Subject to the arbitration obligations, and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be commenced in the state or federal court of general jurisdiction in New York, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

11. Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Articles XXII, XXIII, and XXIV of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of New York. In the event of any conflict of law, the laws of the State of New York shall prevail (without regard to, and without giving effect to, the application of New York conflict of law rules).

**IN WITNESS WHEREOF**, each of the undersigned has executed this Guaranty under seal effective as of the date first set forth above.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature of Spouse (if married)

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Home Telephone

\_\_\_\_\_  
Home Telephone

\_\_\_\_\_  
Business Telephone

\_\_\_\_\_  
Business Telephone

\_\_\_\_\_

\_\_\_\_\_

Date

Date

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "F"**

**Hardware and Software Configuration**

**COMPUTER HARDWARE SPECIFICATIONS**

| <b>Dell OptiPlex 3070 Desktop System</b>             |
|--|
| Intel Core i5- 9500 CPU @ 3.0 GHz                    |
| Intel UHD Graphic 630 1 GB + Nvidia Quadro P400 2 GB |
| 8 GB RAM DDR4 Dual Channel                           |
| DVD RW Drive   |
| SSD 250 GB   |
| 2 monitors of 19 inches                              |
| Integrated sounds card                               |
| Speakers   |
| Dell Optical Mouse and Keyboard or Wireless          |
| 3 Years Warranty                                     |
| Forti Client Antivirus                               |

| <b>Software Specifications</b>                                     |
|--|
| Windows 10 Pro   |
| MS office 365 Premium (Excel, Word, Power Point, Note and Outlook) |
| Quickbook  |
| ACT CRM  |

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "G"**

**Site Selection**

Crown Trophy, Inc. (hereinafter "Franchisor") and \_\_\_\_\_ (hereinafter "Franchisee") have this date, \_\_\_\_\_, entered into a certain Franchise Agreement (hereinafter "Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. **Site Selection**

Within \_\_\_\_\_ (\_\_\_\_\_) days after execution of this Addendum, Franchisee shall acquire, by lease or purchase, at Franchisee's expense and subject to Franchisor's approval as hereinafter provided, a location for the franchised business. Such location shall be within the following geographic area (which is described solely for the purpose of selecting a site for the franchised business):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. **Guidelines and Evaluation**

In connection with Franchisee's selection of a site for the franchised business, Franchisor shall furnish to Franchisee the following:

1. Site selection guidelines, and such site selection, counseling and assistance as Franchisor may deem advisable.
2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

C. **Site Approval**

Prior to the acquisition by lease or purchase of any proposed location for the Franchised Business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location, and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed location. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed location to Franchisor for its approval no later than \_\_\_\_\_ (\_\_\_\_) days after the execution of the Franchise Agreement. Franchisor shall have \_\_\_\_\_ (\_\_\_\_) days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location, as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of approval is given

to Franchisee by Franchisor. Such approval of Franchisor is subject to the provisions of Section 1.1 of the Agreement, and Franchisee acknowledges and understands the limitations of such approval.

D. Lease Provisions

The lease, if any, for the premises of the Franchised Business, shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the Franchised Business.
2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may prescribe for the Franchised Business.
3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.
4. That Franchisee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.
5. That the landlord shall be required to give Franchisor written notice of any default by Franchisee under the lease simultaneously with giving such notes to Franchisee.
6. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.
7. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to sublease for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.
8. That Franchisor shall be furnished a copy of the executed lease within ten (10) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the Franchised Business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. Franchisee shall not relocate the Franchised Business without the express prior written consent of Franchisor.

F. Construction

Franchisee shall commence leasehold improvements (hereinafter "Construction") of the Store within \_\_\_\_\_ (\_\_\_) days after Franchisee executes this addendum, execute a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee shall provide written notice to Franchisor of the date Construction of the Store commences within \_\_\_\_\_ (\_\_\_) days after commencement. Franchisee shall maintain continuous Construction of the Store premises and shall complete Construction, including all interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within \_\_\_\_\_ (\_\_\_) months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the construction period, Franchisee and Franchisee's architect or general contractor shall certify in writing to Franchisor that all work is proceeding on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of construction, Franchisee shall obtain, and shall furnish to Franchisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the Franchised Business. Franchisee shall obtain Franchisor's approval for opening and shall open the Franchised Business within \_\_\_\_\_ (\_\_\_) months after the date of commencement of construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under Section 13.2 A of the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

CROWN TROPHY, INC.

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name and Title)

FRANCHISEE:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Signature)

(Printed Name)

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "H"**

**Transfer of Franchise to a Corporation**

The undersigned, an officer, director and owner of a majority of (i) the issued and outstanding voting stock of the corporation set forth below or (ii) the issued and outstanding membership interests of the limited liability company set forth below, and the Franchisee of the Store under a Franchise Agreement executed on the date set forth below, between himself/herself and as Franchisor, granting him/her a franchise to operate at the location set forth below and the other undersigned directors, officers, shareholders, and owners of the corporation or limited liability company, as the case may be, who together with Franchisee constitute all of the owners of the corporation or limited liability company in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the corporation or limited liability company in accordance with the provisions of Article XII of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned officers, directors, stockholders or members of the corporation or limited liability company intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement, including the restrictive covenants contained in Article XV thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee’s obligations set forth in said Agreement.

2. The undersigned agrees not to transfer any stock in the corporation or membership interests in the limited liability company without the prior written approval of Franchisor and agree that all certificates representing shares in the corporation or membership interests in the limited liability company shall bear the following legend:

**“The shares represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated: \_\_\_\_\_, \_\_\_\_\_, between \_\_\_\_\_ and Crown Trophy, Inc.”**

3. \_\_\_\_\_ or his/her designee shall devote his/her full-time best efforts to the day-to-day operation and development of the Store.

4. \_\_\_\_\_ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Crown Trophy, Inc. to the same extent as if it were named as the Franchisee herein.

Date of Franchise Agreement: \_\_\_\_\_

Location of Store: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

Name of Corporation being assigned to:

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

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

In consideration of the execution of the above agreement, Crown Trophy, Inc. hereby consents to the above referred to assignment on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

CROWN TROPHY, INC.

By: \_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

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

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "P"**

**Assignment of Franchisee's Telephone Numbers/E-Mail Addresses and Internet Domain**

For value received, the undersigned (hereinafter called the "Franchisee") hereby irrevocably assigns, effective upon date of termination or expiration of the Franchise Agreement, the telephone listings, numbers and e-mail addresses stated below, to Crown Trophy, Inc. (hereinafter called "Franchisor") upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement of even date herewith (hereinafter called "Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing, numbers and e-mail addresses used by the Franchisee in the operation of the Store in the territory covered by the Agreement.

2. The Franchisee shall retain the limited right to use the telephone listing, numbers and e-mail addresses solely for the transaction and advertising of the Store business while the Agreement between Franchisor and the Franchisee shall remain in full force and effect, but upon termination or expiration of the Agreement for any reason whatsoever, the limited right of use of the telephone listing, numbers and e-mail addresses by the Franchisee shall also terminate.

3. The telephone listing, numbers and e-mail addresses subject to this assignment are:

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

and any numbers on the rotary series, and any telephone numbers or e-mail addresses used by the Franchisee in the Store business in the future.

IN WITNESS WHEREOF, the Franchisee has signed this document as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

**CROWN TROPHY, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT “J”**

**Employee Confidentiality and Non-Competition Agreement**

(for execution by Franchisee and Franchisee’s Employee/Shareholder/Officer/Director)

**THIS AGREEMENT** is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ [corporation] [limited liability company] [partnership] (“Franchisee”), and \_\_\_\_\_ a resident of the State of \_\_\_\_\_ (“Covenantor”).

**WITNESSETH**

**WHEREAS**, pursuant to the terms of that certain “Crown Trophy, Inc.” Franchise Agreement between Crown Trophy, Inc. (“Franchisor”) and Franchisee dated \_\_\_\_\_, \_\_\_\_\_ (the “Franchise Agreement”), Franchisor has granted to Franchisee the right to own and operate a “Crown Trophy” business (the “Franchised Business”) at \_\_\_\_\_ (the “Premises”) (all capitalized terms not defined herein shall have the respective meanings set forth in the Franchise Agreement);

**WHEREAS**, Covenantor is either a shareholder, partner, an officer or a director of Franchisee, or is an employee of Franchisee, who will have access to the Confidential Information (as defined below) in connection with the operation of the Franchised Business at the Premises;

**WHEREAS**, in consideration of the grant of the franchise for the Franchised Business to Franchisee, and in consideration of the employment of Covenantor (in the event Covenantor is an employee of Franchisee), as a condition precedent to allowing Covenantor to have access to the Confidential Information, and as a material term of the Franchise Agreement necessary to protect Franchisor’s ownership interest in its Confidential Information and proprietary information, Franchisor and Franchisee require that Covenantor enter into this Agreement;

**WHEREAS**, to induce Franchisor to enter into the Franchise Agreement and to avoid a material breach thereof, as the case may be, Franchisee and Covenantor desire, and deem it to be in Covenantor’s personal best interest, that Covenantor enter into this Agreement; and

**WHEREAS**, due to the nature of Franchisor’s business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

**NOW, THEREFORE**, to induce Franchisor to enter into the Franchise Agreement and/or to prevent Franchisor from declaring a material breach thereunder, and in consideration of the covenants and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Recitals**

The recitals set forth above shall be deemed to be incorporated herein as if fully set forth in this Agreement, and this Agreement shall be interpreted in light of such recitals.

## 2. Definition of Confidential Information

As used herein, the term “Confidential Information” shall mean certain confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge developed or to be developed or acquired by Franchisor, its Affiliates, and/or its developers and franchisees (the “Confidential Information”), including, without limitation: (a) distinctive methods, techniques, equipment, specifications, standards, policies, procedures, information, concepts and systems relating to, and knowledge of and experience in the development, operation and franchising of the Franchised Business; and (b) marketing and promotional programs for the Franchised Business.

## 3. Protection of Confidential Information

Franchisor will disclose to Franchisee the Confidential Information pursuant to the Franchise Agreement. Covenantor acknowledges and agrees that Covenantor will not acquire any interest in or right to use the Confidential Information, except the right to use it strictly in accordance with the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would be detrimental to Franchisor and would constitute an unfair method of competition with Franchisor and other Franchised Business owners. Covenantor acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets of Franchisor, and is disclosed to Covenantor by Franchisee solely on the condition that Covenantor agrees, and Covenantor hereby does agree, that Covenantor: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) will follow all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manual. Also, notwithstanding the foregoing, nothing herein shall prevent Covenantor from continuing to use, after termination of this Agreement, any portion of the Confidential Information that has become generally known, other than by any person’s or entity’s breach of any obligation of confidentiality to Franchisor or Franchisee. Nothing contained herein shall be construed to prohibit Covenantor from using the Confidential Information in connection with the operation of a “Crown Trophy” business (other than the Franchised Business) pursuant to a franchise agreement between Covenantor and Franchisor. Covenantor agrees to disclose to Franchisee and Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of the Franchised Business conceived or developed by Covenantor during the term of this Agreement, and Franchisee and Franchisor shall have a perpetual, non-exclusive and worldwide right to incorporate same in the System for use in all “Crown Trophy” businesses operated by Franchisor and its franchisees. Franchisee and Franchisor shall have no obligation to make any payment to Covenantor with respect to any idea, concept, method, technique or product developed or suggested by Covenantor and incorporated by Franchisee or in the Franchised Business or by Franchisor otherwise. Covenantor agrees that Covenantor will not use any such concept, method, technique or product without obtaining Franchisee’s prior written approval.

## 4. Restrictive Covenant During the Term of the Franchise Agreement

Covenantor acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among “Crown Trophy” businesses if persons or entities authorized to use the Confidential Information were permitted to hold interests or perform services for a Competitive Business. As used in this Agreement, “Competitive Business” means any enterprise, other than a Business, that: (a) consists substantially of the operation of a trophy business or engages in any other business substantially similar to a business then engaged in by a substantial number of “Crown Trophy” businesses; or (b) grants a franchise or license or establishes a joint venture, for the development and/or operation of an enterprise described in the foregoing clause (a). Covenantor further acknowledges that restrictions on his/her direct or indirect ownership of interests in a Competitive Business will not hinder Covenantor’s activities in connection with Franchisee’s performance of the Franchise Agreement or in general. Covenantor therefore agrees that during the term of the Franchise Agreement and so long as Covenantor is either a shareholder, partner, employee, officer or director of Franchisee, Covenantor shall not directly or indirectly engage in any Competitive Business. As used in this Agreement, the phrase “directly or indirectly engage in any Competitive

Business” shall include, without limitation: (x) the ownership of an interest in a Competitive Business by Covenantor or his/her spouse; and (y) the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his/her spouse. Franchisee and Covenantor acknowledge and agree that the failure of Covenantor or his/her spouse to comply with this Paragraph 4 or Paragraph 5 below shall constitute a breach of the Franchise Agreement. Nothing in this Agreement shall preclude Covenantor or his/her spouse from acquiring ownership of shares in a business which is not a Competitive Business. The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five (5%) percent of the total number of issued and outstanding shares of that class of securities.

**[Note to Franchisee: Section 4 of this Agreement, which includes a covenant not to compete, is optional. Crown Trophy does not require you to include this language, and it is noted here only for your convenience. Your decision to have your employees execute this Agreement with this Section 4 included, and for you to enforce it, is your decision alone. If you elect to include this Section 4, that decision does not suggest that Crown Trophy is an employer of your employees.]**

5. Restrictive Covenant During Post Term Period

Covenantor covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Covenantor will not directly or indirectly engage in a Competitive Business within the Territory (as defined in the Franchise Agreement), within a radius of twenty-five (25) miles from the Franchised Business, or within a fifteen (15) mile radius of any other “Crown Trophy” business. As used in this Paragraph 5, the phrase “directly or indirectly engage in a Competitive Business” shall mean and include, without limitation, the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his/her spouse. As used in this Agreement, the term “Post-Term Period” shall mean a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 13 of the Franchise Agreement, including, without limitation, if Covenantor transfers his/her entire ownership interest in Franchisee and is not thereafter an employee, officer or director of Franchisee; (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination); (c) termination of Member’s employment with Franchisee or the date as of which Covenantor is neither a shareholder, partner, officer or director of Franchisee; and/or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

**[Note to Franchisee: Section 5 of this Agreement, which includes a covenant not to compete, is optional. Crown Trophy does not require you to include this language, and it is noted here only for your convenience. Your decision to have your employees execute this Agreement with this Section 5 included, and for you to enforce it, is your decision alone. If you elect to include this Section 5, that decision does not suggest that Crown Trophy is an employer of your employees.]**

6. Surrender of Documents

Covenantor agrees that, upon commencement of the Post-Term Period, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor, return to Franchisee (or to Franchisor if directed by Franchisor) all copies of the Confidential Information loaned or made available to Covenantor.

7. Indemnification/Costs and Attorneys’ Fees

Covenantor agrees to indemnify and hold Franchisor and Franchisee harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys’ fees, court costs and other reasonable litigation expenses) suffered, sustained or incurred by Franchisor or Franchisee as a result of, arising out of, or in connection with any failure of performance or breach of this Agreement by Covenantor. The party or

parties prevailing in any judicial proceeding in connection with this Agreement shall be entitled to reimbursement of their costs and expenses, including but not limited to, reasonable accounting, paralegal, legal, expert witness and attorneys' fees, whether incurred prior to, in preparation for, or in contemplation of the filing of such proceeding.

8. Waiver

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

9. Severability

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement and any such provision which is adjudicated to be invalid or unenforceable shall be severed from this Agreement, provided that such severance is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. To the extent any restriction herein is deemed unenforceable by virtue of its scope in terms of time, geography or business activity prohibited, but may be made enforceable by reducing any or all thereof, the parties agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

10. Rights of Parties are Cumulative

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

11. Benefit

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

12. Entire Agreement

This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and all prior negotiations, agreements and understandings are merged herein. This Agreement may not be modified or rescinded except by a written agreement to such effect signed by the party against whom enforcement is sought.

13. Governing Law

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the internal laws of the State of New York, exclusive of such state's choice of law or conflict of law rules.

14. Injunctive Relief and Liquidated Damages. Covenantor acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Covenantor agrees to pay all damages, costs, and expenses (including but not limited to reasonable attorneys' fees) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement. Covenantor also agrees that if Covenantor violates the terms of this Agreement and Franchisee decides to enforce the terms of this Agreement against Covenantor, Franchisee shall be entitled to receive liquidated damages from Covenantor in the amount of Twenty-Five Thousand Dollars (\$25,000) for each such violation.

15. Counterparts

This Agreement may be executed in counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EMPLOYEE:

CROWN TROPHY, INC.

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

FRANCHISEE

FRANCHISEE

\_\_\_\_\_  
(Signature)

\_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**JOINDER**

To induce Franchisor and Franchisee to enter into this Agreement among Franchisor, Franchisee and Covenantor, the undersigned spouse of Covenantor (“Covenantor’s SPOUSE”) hereby covenants and agrees to abide by the restrictive covenants contained in Paragraphs 4 and 5 of this Agreement.

**IN WITNESS WHEREOF**, Covenantor’s SPOUSE has executed this Joinder to this Agreement as of the day and year first above written.

Signature of Covenantor’s (Employee’s) SPOUSE below:

\_\_\_\_\_

Print Name of Covenantor’s (Employee’s) SPOUSE:

\_\_\_\_\_

**CROWN TROPHY, INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT "K"**

**ELECTRONIC FUND TRANSFER AUTHORIZATION FORM**

\_\_\_\_\_ (Name of Person or Legal Entity)

\_\_\_\_\_ (ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes Crown Trophy, Inc. ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

\_\_\_\_\_  
Depository

\_\_\_\_\_  
Branch

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authorization is to remain in full and force and effect until sixty days after Franchisor has received written notification from Franchisee of its termination.

Printed Name of  
Depositor: \_\_\_\_\_

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

**EXHIBIT E**

**CONFIDENTIAL OPERATIONS MANUAL**  
**TABLE OF CONTENTS**

| <u>Section Name</u>  | <u>Section #</u>    | <u># of Pages</u> |
|--|---------------------|-------------------|
| Crown Trophy Manual Receipt                                  | 1                   | 1                 |
| Confidentiality Agreement                                    | 2                   | 4                 |
| Crown Trophy History and Philosophy                          | 3                   | 1                 |
| The Franchise Relationship                                   | 4                   | 2                 |
| Name, Trademark and Image                                    | 5                   | 4                 |
| Vocabulary   | 6                   | 22                |
| Advertising  | 7                   | 5                 |
| Public Relations   | 8                   | 4                 |
| Personnel  | 9                   | 11                |
| Store Operating Policies                                     | 10                  | 5                 |
| Catalog Review (including Catalog Cross-Reference Documents) | 11                  | 14                |
| Custom Awards  | 12                  | 6                 |
| Purchasing   | 13                  | 4                 |
| Inventory (including Trophy Style Component Breakdown)       | 14                  | 3                 |
| Engraving  | 15                  | 6                 |
| Showroom   | 16                  | 4                 |
| Owner's Responsibilities                                     | 17                  | 3                 |
| Store Front Sign   | 18                  | 5                 |
| Royalty Fee Form   | 19                  | 2                 |
| QuickBooks   | 20                  | 2                 |
| Equipment  | 21                  | 1                 |
| Internet   | 22                  | 1                 |
| Catalogs   | 23                  | 1                 |
| Equipment  | 24                  | 1                 |
|  | <b>Total Pages:</b> | <b>112</b>        |

**EXHIBIT F**  
**EXISTING FRANCHISEES\***

Franchisees and Stores, as of December 31, ~~2022~~2023:

**ALABAMA**

Kris Kirk  
1959 Opelika Road  
Auburn, AL 36830  
(334) 502-9522

Danny Mercer  
550 Bic Road  
Dothan, AL 36303  
(334) 677-9200

Doug and Kim Swafford  
2005 Blue Spring Road  
Huntsville, AL 35810  
(256) 852-5002

Sadie Foster and Ryan Kelosky  
211 Amphitheater Road  
Pelham, AL 35124  
(205) 621-7393

**ARIZONA**

John Rumary  
17138 N. 134th Drive – Suite 102  
Surprise, AZ 85378  
(623) 980-8936

**ARKANSAS**

Will Roark  
110 North First Street  
Cabot, AR 72023  
(501) 605-9700

~~Lisa and Jeff Simmons~~  
[Emily Calvert](#)  
460A Southwest Drive  
Jonesboro, AR 72401  
(870) 268-0901

Jennie Cole  
10301 North Rodney Parham Road  
Little Rock, AR 72227  
(501) 225-4585

**CALIFORNIA**

Al Umbarila  
4694 Lincoln Avenue  
Cypress, CA 90630  
(714) 827-1658

Greg Loveland  
1350 Industrial Avenue - #A  
Petaluma, CA 94952  
(707) 766-6820

Jerry and Carol Rosenblatt  
Oak Hills Shopping Center  
5424-3 Sunol Blvd.  
Pleasanton, CA 94566  
(925) 249-1133

Evelyne and Hani Abraham  
27811 Avenue Hopkins #7  
Valencia, CA 91355  
(661) 257-3339

**COLORADO**

Marshall Movius  
6680 Wadsworth Blvd. Unit C  
Arvada, CO 80003  
(303) 456-9701

Lisa Lubbers - Satellite Location  
Tech Center  
7300 South Alton Way, Suite C  
Centennial, CO 80112  
(720) 488-3988

~~Gary and Deb Jaycox~~  
[Leticia Raymond and Darius Reed](#)  
4665 Nautilus Court South – Suite 500  
Boulder, CO 80301  
(303) 443-3151

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

John Movius  
1099 W. Littleton Blvd.  
Littleton, CO 80120  
(303) 730-1711

**CONNECTICUT**

Ed Vachovetz  
317 Federal Road  
Brookfield, CT 06804  
(203) 740-7900

Tom Troy  
59 Main Street  
Norwalk, CT 06851  
(203) 855-8810

**DELAWARE**

Chris and Pam Lord  
34898 Sussex Hwy. (US 13)  
Delmar, DE 19940  
(302) 875-1949

Tom Soutar  
218 Peoples Plaza  
Newark, DE 19702  
(302) 838-6600

Melissa Soutar  
4103 Concord Pike  
Talleville Shopping Center  
Wilmington, DE 19803  
(302) 478-9620

**FLORIDA**

Tony Kochak  
851 West State Road 436, Suite 1027  
Altamonte Springs, FL 32714  
(407) 786-0430

John and Teresa Iscaro  
934 Clint Moore Road  
Boca Raton, FL 33487  
(561) 443-1778

Joyce and Mike Rachel  
1333 Lafayette Street  
Cape Coral, FL 33904  
(239) 540-9905

Lynn and Phillip Walker\*  
11792 San Jose Blvd.  
Jacksonville, FL 32223  
(904) 260-4871

Lynn and Phillips Walker\*  
11645 Beach Blvd.  
Jacksonville, FL 32246  
(904) 997-6166

Cindi Benjamin  
7388 West Commercial Blvd.  
Lauderhill, FL 33319  
(954) 748-2785

Bob Fisher  
1948 NE 123<sup>rd</sup> Street – Suite 105  
North Miami, FL 33181  
(305) 891-2099

David and Kathlene Nutaitis  
7901 Kingspointe Parkway, Suite 7  
Orlando, FL 32819  
(407) 363-7477

Troy Lucarelli / Heidi West  
1715 Independence Blvd., Unit B7  
Sarasota, FL 34234  
(941) 925-7372

Brian and Lori Funk  
929 Lincoln Avenue  
Stuart, FL 34994  
(772) 286-5688

Kurt Callarman  
17518 Preserve Walk Lane  
Tampa, FL 33647  
(813) 975-9000

**GEORGIA**

Tommy Marsh  
4617 Armour Road  
Columbus, GA 31904  
(706) 323-9979

~~Caren and Marvin Flewellen  
1240 Johnson Ferry Place, Suite B40  
Marietta, GA 30068  
(678) 560-2545~~

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

**IDAHO**

Eric and Danielle Daniels  
2315 Channing Way  
Idaho Falls, ID 83404  
(208) 552-7696

**ILLINOIS**

Charlene Berger  
1340 Busch Parkway  
Buffalo Grove, IL 60089  
(847) 808-9706

Jess Freeman  
1826 West Army Trail Road  
Hanover Park, IL 60133  
(630) 213-3890

Lora Collins  
2274 Cornell Avenue  
Montgomery, IL 60538  
(630) 897-5030

~~Charlene and Steve Berger~~  
[Michael and Naomi Johnson](#)  
4024 Golf Road  
Skokie, IL 60076  
(847) 679-1450

Lora Collins  
19 East 31st. Street  
La Grange Park, IL 60526  
(708) 947-4000

**INDIANA**

Dave and Dana Combs  
807 West Carmel Drive  
Carmel, IN 46032  
(317) 818-9400

Dave and Dana Combs  
1311 N Shadeland Avenue, Suite A  
Indianapolis, IN 46219  
(317) 352-0345

Randy Coulter  
526 Kentucky Avenue  
Jeffersonville, IN 47130  
(812) 542-1847

Bob Hengstler

Liberty Square Plaza  
3218 East 84th Place – Suite B  
Merrillville, IN 46410  
(219) 793-1128

Lori Ruthruff  
13576 McKinley Hwy.  
Mishawaka, IN 46545  
(574) 255-2285

**IOWA**

Tom Schwerdtfeger  
2714 Central Avenue  
Bettendorf, IA 52722  
(563) 359-4515

Doug and Kathy Trail  
2105 SE 37<sup>th</sup> Street, Suite A  
Grimes, IA 50111  
(515) 986-7146

**KANSAS**

Brandi and Sean Lazzelle  
423 East Madison  
Derby, KS 67037  
(316) 788-0830

Chris Henderson  
5614 SW 29th Street  
Topeka, KS 66614  
(785) 273-8304

**KENTUCKY**

Ryan Tyson  
2680 Wilhite Drive  
Lexington, KY 40503  
(859) 266-3872

Randy Coulter  
6020 Bardstown Road  
Louisville, KY 40291  
(502) 231-6333

**LOUISIANA**

David Searles  
5140 S. Sherwood Forest Blvd.  
Baton Rouge, LA 70816  
(225) 293-6520

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

**MARYLAND**

Martin Hollander  
18921 Premiere Court  
Gaithersburg, MD 20879  
(301) 963-3570

Brian Litofsky  
11438 Cronridge Drive #M  
Owings Mills, MD 21117  
(443) 394-6667

Brian and Angie Keese\*  
3460 Leonardtown Road  
Waldorf, MD 20601  
(301) 870-0223

**MAINE**

Shane Winslow  
220 Industrial Way  
Portland, ME 04103  
(207) 772-8770

**MASSACHUSETTS**

Mark Hannon  
50 Stedman St.  
Lowell, MA 01851  
(978) 453-3388

Andy Gleckel  
265 Main Street  
Northborough, MA 01532  
(508) 393-4929

Brian Murphy  
One Sylvan Street  
Peabody, MA 01960  
(978) 532-3500

Jim and Therese Wisniewski  
300 Oak Street - Suite 780  
Pembroke, MA 02359  
(781) 829-0606

**MICHIGAN**

Vicki and Kevin Schafer  
223 South Bridge Street  
Grand Ledge, MI 48837  
(517) 669-0049

Dennis and Marie Marsh  
6136 Lovers Lane  
Portage, MI 49002  
(269) 329-4380

Mary Simison  
1110 Ford Avenue  
Wyandotte, MI 48192  
(734) 282-2411

**MINNESOTA**

~~Jim Mlinareik  
8701 Highway 65 NE  
Blaine, MN 55434  
(763) 502-0105~~

Scott Kaehler  
9420 Lyndale Avenue South  
Bloomington, MN 55420  
(952) 884-4944

Joseph and Margretta Wochnick  
1148 South Robert Street  
West St. Paul, MN 55118  
(651) 552-9501

**MISSISSIPPI**

Paul and Crystal Welch  
3010 Lakeland Cove (Suite C)  
East Point Business Park  
Flowood, MS 39232  
(601) 939-0208

**MISSOURI**

Wendy and Sarah April\*  
15471 Clayton Road  
Ballwin, MO 63011  
(636) 391-6001

Note: Ben April passed away, but Wendy April continues to own the Ballwin, MO Crown Trophy location listed above.

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

**MONTANA**

Paul and Bobbi Foran  
2704 Billings Avenue  
Helena, MT 59601  
(406) 442-3506

**NEBRASKA**

Robert Berry  
3040 North 90<sup>th</sup> Street  
Omaha, NE 68134-4704  
(402) 573-5500

**NEVADA**

Camela Esmay and Austin Beiling  
664 Middlegate Road  
Henderson, NV 89011  
(702) 567-2761

**NEW HAMPSHIRE**

Janice and Bill Sullivan\*  
1 Alice Avenue  
Hooksett, NH 03106  
(603) 645-1022

Robert Montville  
131 Mirona Road  
Portsmouth, NH 03801  
(603) 431-5552

**NEW JERSEY**

Mike Reeves  
1916 Fairfax Avenue  
Cherry Hill, NJ 08003  
(856) 489-9884

Jim Gano\*  
Hunterdon Shopping Center  
33 Reaville Avenue  
Flemington, NJ 08822  
(908) 782-2292

Matt Roeloffs  
3443 Route 9  
Freehold, NJ 07728  
(732) 462-3344

Joe Kennedy  
205C Route 22 East  
Green Brook, NJ 08812

(732) 968-3455

Mike Reeves  
6323 Harding Highway  
Route 40 West  
Mays Landing, NJ 08330  
(609) 625-1866  
Susan and Bruce Roeloffs  
University Plaza  
3257 Quakerbridge Road  
Mercerville, NJ 08619  
(609) 838-1296

Dominic May  
101 Route 46 East  
Pine Brook, NJ 07058  
(973) 808-8400

Linda Shields and Vin Acocella  
488 Kinderkamack Road  
River Edge, NJ 07661  
(201) 261-3933

**NEW YORK**

James Valedon  
98 Cain Drive  
Brentwood, NY 11717  
Ph: 631-289-0473

Note: Brentwood franchisee consolidated the location with the Levittown, NY location in January 2022.

John and Teresa Iscaro  
529 North State Road  
Briarcliff, NY 10510  
(914) 941-0020

Greg Perry  
2554 East Tremont Avenue  
Bronx, NY 10461  
(718) 824-4877

Mike Feller  
3024 Avenue U  
Brooklyn, NY 11229  
(718) 769-4111

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

Anthony Basile and Catherine Costello-Rossi  
102-25 Metropolitan Avenue  
Forest Hills, NY 11375  
(718) 268-5959

Joe Erny and Bill Weisenfeld  
3108 Hempstead Tpke.  
Levittown, NY 11756  
(516) 731-3051

Ron Shapiro  
808 Jericho Turnpike  
New Hyde Park, NY 11040  
(516) 775-5755

Mike Murray  
9B Huguenot Street  
New Rochelle, NY 10801  
(914) 637-0900

Marc Taub  
7 East 38<sup>th</sup> Street  
New York, NY 10016  
(212) 532-4500

Linda Shields and Vin Acocella  
36 East Central Avenue  
Pearl River, NY 10965  
(845) 735-0555

Frank Buthorn and Rosanne Giambalvo  
1374 Richmond Road  
Staten Island, NY 10304  
(718) 987-0002

John and Teresa Iscaro  
1315 Route 9 – Hark Plaza #203  
Wappingers Falls, NY 12590  
(845) 297-6400

Ryan Lynch  
Evanstown Plaza - 400 Evans Street  
Williamsville, NY 14221  
(716) 204-4545

Jim Murray  
839 McLean Avenue  
Yonkers, NY 10704  
(914) 376-0900

### **NORTH CAROLINA**

Thomas and Caroline Bell  
683-D Cary Towne Blvd.  
Cary, NC 27511  
(919) 462-9157

Ray and Marcie Bellamy  
11020 Bailey Road – Suite I  
Cornelius, NC 28031  
(704) 892-4682

Jackie Bauer and Lisa Hall  
1031 Robeson Street  
Fayetteville, NC 28305  
(910) 323-3005

Pam Zoog  
7330 Creedmoor Road  
Raleigh, NC 27613  
(919) 878-6565

Rosa and Mike Robinson  
2871 Reynolda Road  
Winston Salem, NC 27106  
(336) 723-7400

### **NORTH DAKOTA**

Jeff Conant  
26 North University Drive  
Fargo, ND 58102  
(701) 365-8330

### **OHIO**

Jeff and Jamie Eschenbach  
3508 W. Galbraith Rd.  
Cincinnati, OH 45239  
(513) 931-5500

Lisa and Craig Grumbach  
685 Medina Road  
Medina, OH 44256  
(330) 725-8522

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

**OREGON**

Lynnette and Rick Lange  
9970 SW Arctic Drive  
Beaverton, OR 97005  
(503) 626-1125

Lynnette Lange – Satellite Location  
811 N. Main Street  
Gresham, OR 97030  
(503) 336-4446

**PENNSYLVANIA**

Mark Cunningham - Satellite Location  
1049 Lancaster Avenue  
Berwyn, PA 19312  
(610) 647-3337

Lorraine and Brian Quinn  
414 West Ridge Pike  
Conshohocken, PA 19428  
(610) 260-0901

Jane and Doug Arnold  
905 Carlisle Street  
Hanover, PA 17331  
(717) 633-7674

Deanna and Mark Cunningham  
2222 Kimberton Road  
P.O. Box 166  
Kimberton, PA 19460  
(610) 935-8145

Brian and Diane Dubas  
219 South Tenth Street, Suite A  
Lemoyne, PA 17043  
(717) 761-6404

Ed Matsko  
829 West Sproul Rd  
Springfield PA 19064  
(610) 259-9704

Beth Good  
1824 North Reading Road  
Stevens, PA 17578  
(717) 336-5300

**RHODE ISLAND**

John and Marlene Kubaska  
341-C George Washington Highway  
Smithfield, RI 02917  
(401) 231-0070

**SOUTH CAROLINA**

Mike and Jenny Broussard\*  
377 Rubin Center Drive, Suite 104  
Fort Mill, SC 29708  
(803) 547-1882

~~John Bradshaw~~  
[Anthony Koutsos](#)  
92 Orchard Park Drive  
Greenville, SC 29615  
(864) 458-7550

**TENNESSEE**

Max and Mary Helen Fairley  
7981 Dexter Road, Suite 104  
Cordova, TN 38016  
(901) 756-4377

**TEXAS**

Chad Harris  
4225 West 45<sup>th</sup> Avenue  
Amarillo, TX 79109  
(806) 677-0900

Raun Trejo  
8106 Brodie Lane, Suite A-106  
Austin, TX 78745  
(512) 233-4774

Marti Christiansen  
12233 RR 620, Suite 112  
Austin, TX 78750  
(512) 506-9790

Dee Sprague\*  
4492 Highway 6 North  
Houston, TX 77084  
(281) 858-1166

Brian Thompson  
420 Grapevine Highway  
Suite 118  
Hurst, TX 76054

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

(817) 514-6657

Kristie and Mike Stephens  
701 S. Old Orchard Lane, Suite A  
Lewisville, TX 75067  
(972) 219-4677

Kim Thompson  
1301 Custer Road, Suite 258  
Plano, TX 75075  
(972) 633-9040

Patti Ohman\*  
9853 IH10 West, Suite 102  
San Antonio, TX 78230  
(210) 877-1000

Jennifer McKnight  
2168 Bayport Blvd.  
Seabrook, TX 77586  
(281) 291-9977

Jay and Michelle Thompson  
25518 I-45 North  
Spring, TX 77386  
(281) 362-7677

Herman Teale  
10315 West Airport Blvd.  
Stafford, TX 77477  
(281) 495-7600

### **UTAH**

Candice and Matt Lund  
3790 Riverdale Road  
Ogden, UT 84405  
(801) 621-2055

Nate Barton  
3855 South 500 West, Suite O  
Salt Lake City, Utah 84115  
(801) 840-5222

### **VIRGINIA**

Curtis and Freda Berger  
20700 Loudoun County Pkwy – Suite 144  
Ashburn, VA 20147  
(703) 729-1229

Chris and Linda Hara  
1529 Olde William Street  
Fredericksburg, VA 22401  
(540) 374-8118

Ken Hansen  
8111 Staples Mill Road  
Richmond, VA 23228  
(804) 262-1000

Frederick Reaves  
3200 Dam Neck Road, Suite 103  
Virginia Beach, VA 23453  
(757) 368-7534

Eric and Arrianna Nichols  
61 Millwood Avenue - Suite 208  
Winchester, VA 22601  
(540) 665-4485

### **WISCONSIN**

Brian and Diane Boehm  
2618 Roosevelt Road  
Kenosha, WI 53143  
(262) 605-6861

Tim White  
347 North Sawyer Street  
Oshkosh, WI 54902  
(920) 426-8888

Jeanne and Aaron Chorowicz  
3124 Wilgus Avenue  
Sheboygan, WI 53081  
(920) 452-2500

\* Franchisees with an asterisk beside their name also sell signs and related products under the “Signs by Crown” brand.

## EXHIBIT G

### FORMER FRANCHISEES

The following franchisees transferred their franchises to new franchisees, consolidated one of their locations into another of their locations, voluntarily ceased doing business as a Crown Trophy franchisee, or were terminated in ~~2022~~2023. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

#### **Transfers:**

~~Christine Sansevera~~  
~~60 Sutton Drive~~  
~~Manalapan, New Jersey 07726~~  
~~(732) 845-1126 (Home)~~  
~~(732) 580-7775 (Cell)~~

~~Bob Bedford~~  
~~2020 Glendale Avenue~~  
~~Northbrook, Illinois 60062~~  
~~(842) 981-5777 (Home)~~  
~~(847) 269-5139 (Cell)~~

~~Bob Blanchard~~  
~~6318 Country Club Road~~  
~~Omaha, Nebraska 68125-2058~~  
~~No Phone Number~~

#### Transfers:

John Bradshaw  
325 Parkside Drive  
Simpsonville, SC, 29681

Jeff & Lisa Simmons  
3605 Wood Springs Road  
Jonesboro, AR 72404  
(870) 802-4360  
(870) 897-1531

Charlene & Steve Berger  
795 Stillwater Ct.  
Lake Zurich, IL60047  
(847) 567-3539

Gary & Deb Jaycox  
5164 Lake Terrace Lane  
Firestone, CO 80504  
(720) 329-8283 Gary  
(303) 506-8763 Deb

#### Ceased Operations for Other Reasons:

Caren and Marvin Flewellen  
100 Larne Court  
Roswell, GA 30076  
(404) 441-2835

#### Non-Renewal:

Jim Mlinarcik  
9384 Alamo Court  
Blaine, MN 55449

**EXHIBIT H**  
**FINANCIAL STATEMENTS**

**CROWN TROPHY, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED**

**DECEMBER 31, ~~2020~~2021, DECEMBER 31, ~~2021~~2022, AND DECEMBER 31, ~~2022~~2023**

**CROWN TROPHY, INC.**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

**CROWN TROPHY, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

**Table of Contents**

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b>Independent Auditor's Report</b>                                   | 1 - 3              |
| <b>Financial Statements</b>   |                    |
| Balance sheets  | 4                  |
| Statements of operations and retained earnings                        | 5                  |
| Statements of cash flows  | 6                  |
| Notes to financial statements   | 7 - 16             |
| <b>Supplementary Information</b>                                      |                    |
| Schedules of direct operating and general and administrative expenses | 17                 |

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Crown Trophy, Inc.

### Opinion

We have audited the accompanying financial statements of Crown Trophy, Inc., which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and retained earnings and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crown Trophy, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crown Trophy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crown Trophy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

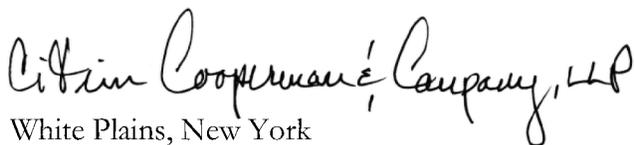
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crown Trophy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crown Trophy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the schedules on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



White Plains, New York

April 24, 2024

**CROWN TROPHY, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

|  | <u>2023</u>                       | <u>2022</u>                       |
|--|-----------------------------------|-----------------------------------|
| <b><u>ASSETS</u></b>   |                                   |                                   |
| Current assets:  |                                   |                                   |
| Cash   | \$ 905,664                        | \$ 775,825                        |
| Accounts receivable, net of allowance  | 719,540                           | 600,426                           |
| Due from affiliate   | <u>4,625</u>                      | <u>6,225</u>                      |
| Total current assets   | <u>1,629,829</u>                  | <u>1,382,476</u>                  |
| Property and equipment, net  | 148,083                           | 51,087                            |
| Note receivable  | <u>30,500</u>                     | <u>35,546</u>                     |
| <b>TOTAL ASSETS</b>  | <b><u><u>\$ 1,808,412</u></u></b> | <b><u><u>\$ 1,469,109</u></u></b> |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>                                       |                                   |                                   |
| Current liabilities:   |                                   |                                   |
| Accounts payable and accrued expenses  | \$ 108,045                        | \$ 111,993                        |
| Deferred income  | 67,500                            | 67,500                            |
| Other current liabilities  | <u>10,779</u>                     | <u>7,729</u>                      |
| Total current liabilities  | <u>186,324</u>                    | <u>187,222</u>                    |
| Commitments and contingencies (Notes 7 and 9)  |                                   |                                   |
| Shareholders' equity:  |                                   |                                   |
| Common stock - no par value; 200 shares authorized,<br>100 shares issued and outstanding | 45,000                            | 45,000                            |
| Retained earnings  | <u>1,577,088</u>                  | <u>1,236,887</u>                  |
| Total shareholders' equity   | <u>1,622,088</u>                  | <u>1,281,887</u>                  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b><u><u>\$ 1,808,412</u></u></b> | <b><u><u>\$ 1,469,109</u></u></b> |

See accompanying notes to financial statements.

**CROWN TROPHY, INC.**  
**STATEMENTS OF OPERATIONS AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

|  | <u>2023</u>                | <u>2022</u>                | <u>2021</u>                |
|--|----------------------------|----------------------------|----------------------------|
| Revenues   | \$ <u>3,912,638</u>        | \$ <u>3,467,115</u>        | \$ <u>2,634,814</u>        |
| Operating expenses:  |                            |                            |                            |
| Direct operating expenses                                    | 64,444                     | 25,192                     | -                          |
| General and administrative expenses                          | 1,403,842                  | 1,290,571                  | 1,503,608                  |
| Depreciation and amortization expense                        | <u>25,613</u>              | <u>11,503</u>              | <u>11,824</u>              |
| Total operating expenses                                     | <u>1,493,899</u>           | <u>1,327,266</u>           | <u>1,515,432</u>           |
| Operating income   | <u>2,418,739</u>           | <u>2,139,849</u>           | <u>1,119,382</u>           |
| Other income:  |                            |                            |                            |
| Paycheck Protection Program loan forgiveness                 | -                          | -                          | 145,279                    |
| Other income   | 1,271                      | -                          | -                          |
| Government assistance income - employee retention tax credit | -                          | 15,401                     | 63,000                     |
| Interest income  | <u>954</u>                 | <u>455</u>                 | <u>1,538</u>               |
| Total other income   | <u>2,225</u>               | <u>15,856</u>              | <u>209,817</u>             |
| Net income   | 2,420,964                  | 2,155,705                  | 1,329,199                  |
| Member's contribution  | 62,137                     | -                          | -                          |
| Retained earnings - beginning                                | 1,236,887                  | 1,572,882                  | 1,173,792                  |
| Distributions  | <u>(2,142,900)</u>         | <u>(2,491,700)</u>         | <u>(930,109)</u>           |
| RETAINED EARNINGS - ENDING                                   | <u>\$ <u>1,577,088</u></u> | <u>\$ <u>1,236,887</u></u> | <u>\$ <u>1,572,882</u></u> |

See accompanying notes to financial statements.

**CROWN TROPHY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

|   | <u>2023</u>        | <u>2022</u>        | <u>2021</u>       |
|---|--------------------|--------------------|-------------------|
| Cash flows from operating activities:   |                    |                    |                   |
| Net income  | \$ 2,420,964       | \$ 2,155,705       | \$ 1,329,199      |
| Adjustments to reconcile net income to net cash provided by operating activities: |                    |                    |                   |
| Provision for (recovery from) bad debts   | (55,113)           | (13,370)           | 104,672           |
| Depreciation and amortization   | 25,613             | 11,503             | 11,824            |
| Gain on forgiveness of Paycheck Protection Program loan                           | -                  | -                  | (145,277)         |
| Interest income capitalized   | (954)              | (455)              | (1,538)           |
| Changes in operating assets and liabilities:                                      |                    |                    |                   |
| Accounts receivable   | (64,001)           | 43,960             | (36,120)          |
| Other receivables   | 6,000              | 36,542             | 600               |
| Prepaid expenses and other current assets   | -                  | (600)              | (13,468)          |
| Due from affiliate  | 1,600              | 77,391             | 6,583             |
| Accounts payable and accrued expenses   | (3,947)            | 37,156             | (10,200)          |
| Deferred income   | -                  | 67,500             | -                 |
| Other current liabilities   | <u>3,049</u>       | <u>226</u>         | <u>1,280</u>      |
| Net cash provided by operating activities   | <u>2,333,211</u>   | <u>2,415,558</u>   | <u>1,247,555</u>  |
| Cash flows used in investing activities:  |                    |                    |                   |
| Purchases of property and equipment   | <u>(122,609)</u>   | <u>-</u>           | <u>-</u>          |
| Net cash used in investing activities   | <u>(122,609)</u>   | <u>-</u>           | <u>-</u>          |
| Cash flows from financing activities:   |                    |                    |                   |
| Distributions to shareholders   | (2,142,900)        | (2,491,700)        | (930,109)         |
| Member's contribution   | 62,137             | -                  | -                 |
| Proceeds from Paycheck Protection Program loan                                    | <u>-</u>           | <u>-</u>           | <u>62,500</u>     |
| Net cash used in financing activities   | <u>(2,080,763)</u> | <u>(2,491,700)</u> | <u>(867,609)</u>  |
| Net increase (decrease) in cash   | 129,839            | (76,142)           | 379,946           |
| Cash - beginning  | <u>775,825</u>     | <u>851,967</u>     | <u>472,021</u>    |
| CASH - ENDING   | <u>\$ 905,664</u>  | <u>\$ 775,825</u>  | <u>\$ 851,967</u> |
| Supplemental disclosure of cash flow information:                                 |                    |                    |                   |
| Income taxes paid   | <u>\$ 10,823</u>   | <u>\$ 4,200</u>    | <u>\$ 575</u>     |

See accompanying notes to financial statements.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1. ORGANIZATION**

Crown Trophy, Inc. (the "Company") was incorporated on March 13, 1985, under the laws of New York State.

The Company's revenue is primarily derived from continuing service fees (royalties) related to retail franchise locations throughout the United States that sell trophies, plaques, medals, and similar products for sporting and educational events, and for social and business recognition, to retail and commercial customers. Additionally, revenue is generated from the sale of catalogs and other items.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Recently Adopted Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. Accounting Standards Codification ("ASC") 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Company's financial instruments include accounts receivable, note receivable, and cash. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Company adopted ASC 326 using the modified retrospective method at January 1, 2023 and it did not have a material impact on the financial statements.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable consist primarily of royalties due from franchisees and are stated at the amount the Company expects to collect. Account credit is generally extended on a short-term basis; thus, accounts receivable do not bear interest. The Company maintains allowances for doubtful accounts, and changes in the allowance are included in general and administrative expenses on the statements of operations and retained earnings. The Company assesses collectibility by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted.

Under the prior accounting rules, the Company evaluated the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, and changes in customer payment terms.

Accounts receivable at December 31, 2023, 2022 and 2021, were \$719,540, \$600,426 and \$631,015, respectively.

Note Receivable

The Company assesses the outstanding balances in note receivable under the ASC 326 by evaluating the party's ability to pay by reviewing financial history annually, historical losses recorded and reassessing any insolvency risk that is identified. If a failure to pay is anticipated due to these conditions, the Company assesses the terms of the note and estimates an expected credit loss based on the remittance schedule of these balances. No losses were recorded for note receivable balances as of December 31, 2023 and 2022.

The allowance for doubtful accounts for the years ended December 31, 2023 and 2022 is comprised of the following:

|                                 | <u>2023</u>       | <u>2022</u>       |
|---------------------------------|-------------------|-------------------|
| Beginning balance               | \$ 152,000        | \$ 200,000        |
| Implementation of ASC 326       | -                 | -                 |
| Provisions                      | (55,113)          | (13,370)          |
| Write-offs                      | (138,694)         | (164,085)         |
| Recoveries                      | <u>164,307</u>    | <u>129,455</u>    |
| Allowance for doubtful accounts | <u>\$ 122,500</u> | <u>\$ 152,000</u> |

Revenue Recognition

The Company derives its revenues from franchise continuing service revenue, web design fees, transfer fees, sales to franchisees, and uniform sales.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

*Franchise Continuing Service Revenue*

Contract consideration from franchise continuing service revenue consists primarily of initial or renewal franchise fees, sales-based royalties, and transfer fees payable by a franchisee for the transfer of a franchise unit to another franchisee. Sales-based royalties are payable monthly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer occurs, respectively.

The Company's primary performance obligations under the franchise agreement primarily include granting certain rights to use the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "preopening activities." The Company has determined that right to use its intellectual property and the preopening activities are highly interrelated and therefore are accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned based on a percentage that ranges from 2% to 5% of the franchisees' gross sales. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized when earned, which occurs at the franchisees' point of sale. Also included in continuing service revenue is a website service fee payable annually by each franchisee, within the range of \$1,125 to \$2,250 for the years ended December 31, 2023, and 2022, and \$1,000 for the year ended December 31, 2021.

Website service fees collected in advance are deferred until earned, with deferred amounts expected to be recognized as revenue within one year. Deferred income related to website service fees totaled \$67,500 at December 31, 2022 and 2023, respectively.

Revenue from the sale of individual franchises is recognized when substantially all of the Company's costs associated with the preliminary franchise setup, such as training and site selection, have occurred, a franchise agreement has been executed, and the franchise store has started its business. Commissions revenue from the transfer of ownership of franchisees is recognized upon execution of the transaction. No new franchises were established during the years ended December 31, 2023, 2022, and 2021.

*Sales to Franchisees*

Sales to franchisees consist primarily of annual and bi-annual catalogs and related shipping and handling charges. Sales to franchisees are recognized upon shipment of the catalogs or other products to the franchisees.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

*Advertising Fund*

The Company maintains an advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Advertising fund fees are collected from franchisees based on a percentage of franchisee gross revenues. The Company has determined that it acts as a principal in the collection and administration of the advertising fund and therefore recognizes the revenues and expenses related to the advertising fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the advertising fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the advertising fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When advertising fund fees exceed the related advertising fund expenses in a reporting period, advertising costs are accrued up to the amount of advertising fund revenues recognized. There was no balance in the advertising fund as of December 31, 2023 and 2022.

*Incremental Costs of Obtaining a Contract*

The Company capitalizes direct and incremental costs, principally consisting of commissions associated with the sale of franchises and amortizes them over the term of the franchise agreement.

Property and Equipment

Property and equipment are carried at cost and are stated net of accumulated depreciation and amortization. The costs of additions or betterments are capitalized, and the cost of repairs and maintenance are charged to operations in the year in which they are incurred. Furniture and fixtures, computer equipment, vehicles, and machinery and equipment are depreciated using the straight-line method over their estimated useful lives, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives, which range from seven to 20 years.

Leases

The Company has an operating lease for an office space for a term of 12 months. The Company determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. Lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options.

Leases with an initial term of 12 months or less (a "Short-term" lease) are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Short-term lease expense amounted to \$72,000 for each of the years ended December 31, 2023 and 2022, and \$78,000 for the year ended December 31, 2021.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code and New York State tax law to be taxed as an S corporation. In lieu of corporate income taxes, the shareholders of an S corporation are taxed on their proportionate share of a company's taxable income. Therefore, no provision or liability for federal or New York State income tax has been included in the financial statements. The Company also files income tax returns in various jurisdictions that do not recognize S corporation status. Income allocated to these jurisdictions is not material.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. The Company had no uncertain tax positions for the years ended December 31, 2023 and 2022.

In 2023 and 2022, the Company elected a pass-through entity tax ("PTET") in New York State. As such, the Company made a payment of \$8,900 and \$16,700 during 2023 and 2022 for the PTET. Since the PTET payment is attributable to the shareholders, the PTET payment is included in "Distributions" in the accompanying statement of operations and retained earnings for the years ended December 31, 2023 and 2022.

The Company is subject to federal, state or local income tax examinations by taxing authorities.

Franchised Outlets

The following data reflects the status of the Company's franchised outlets as of and for the year ended December 31:

|                                      | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------------|-------------|-------------|-------------|
| Franchises sold                      | -           | -           | -           |
| Franchises terminated                | 2           | 1           | 1           |
| Franchises purchased                 | -           | -           | -           |
| Franchised outlets in operation      | 134         | 136         | 137         |
| Corporate-owned outlets in operation | -           | -           | -           |

Variable Interest Entities

In October 2018, FASB issued ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, which no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements. The Company applies the alternative accounting and disclosures for certain variable interest entities provided to private companies pursuant to U.S. GAAP. The Company determined that the related parties, as described in Note 7, meet the conditions under the standard, and, accordingly, the Company is not required to include the accounts of the related parties in its financial statements.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 24, 2024, the date on which these financial statements were available to be issued. Except as disclosed in Note 7, there were no other material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 3. REVENUES**

Disaggregated Revenues

The Company derives its revenues from customers located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States and the Company's ability to collect on its contracts. The Company disaggregates revenue by type of service as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by type of service for the years ended December 31, 2023, 2022, and 2021 were as follows:

|                       | <u>2023</u>         | <u>2022</u>         | <u>2021</u>         |
|-----------------------|---------------------|---------------------|---------------------|
| Royalty revenue       | \$ 3,704,000        | \$ 3,397,928        | \$ 2,603,564        |
| Sales to franchisees  | 67,901              | 22,542              | -                   |
| Uniform sales         | 30,000              | 18,448              | -                   |
| Resale of franchisees | 43,500              | 20,500              | 31,250              |
| Other income          | <u>67,237</u>       | <u>7,697</u>        | <u>-</u>            |
|                       | <u>\$ 3,912,638</u> | <u>\$ 3,467,115</u> | <u>\$ 2,634,814</u> |

**NOTE 4. CONCENTRATIONS OF CREDIT RISK**

Cash

The Company maintains cash balances in major financial institutions in accounts that, at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable arising from transactions with franchisees subject the Company to credit risk. The Company performs ongoing evaluations of the creditworthiness of its franchisees to reduce credit risk but does not require collateral to support accounts receivable.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2023 and 2022:

|   | <u>2023</u>       | <u>2022</u>      |
|---|-------------------|------------------|
| Leasehold improvements                          | \$ 112,830        | \$ 112,830       |
| Computer equipment                              | 94,207            | 94,207           |
| Furniture and fixtures                          | 91,494            | 91,494           |
| Vehicles  | 122,609           | -                |
| Machinery and equipment                         | <u>25,888</u>     | <u>25,888</u>    |
|   | 447,028           | 324,419          |
| Less: accumulated depreciation and amortization | <u>298,945</u>    | <u>273,332</u>   |
| Property and equipment, net                     | <u>\$ 148,083</u> | <u>\$ 51,087</u> |

Depreciation and amortization expense was \$25,613, \$11,503 and \$11,824 for the years ended December 31, 2023, 2022, and 2021, respectively.

**NOTE 6. NOTE RECEIVABLE**

The Company has an outstanding balance on a note receivable from a franchisee in the amount of \$30,500 and \$35,546, including accrued interest, at December 31, 2023 and 2022, respectively. The note bears interest at 4% annually. For the years ended December 31, 2023, 2022, and 2021, the Company recognized interest income of \$954, \$455, and \$1,538 respectively, related to the note receivable. The note receivable is due on demand at the option of the Company and amounts of \$6,000 and \$23,000, respectively, were collected during the years ended December 31, 2023 and 2022; however, the Company does not expect to collect the remaining outstanding balance within the next 12 months. At December 31, 2023, the Company believes the loan receivable is fully collectible, and as such, no allowance for bad debt has been established.

**NOTE 7. RELATED-PARTY TRANSACTIONS**

Crown Awards, Inc.

The Company has transactions with Crown Awards, Inc. ("Awards"). Awards is related through common ownership and control. Awards operates from the same offices as the Company and sells products directly to the Company's franchisees, as well as other individuals and businesses.

Awards had direct sales to franchisees in the amount of \$8,053,870, \$7,547,891, and \$5,451,521 for the years ended December 31, 2023, 2022 and 2021, respectively. In addition, for the years ended December 31, 2023, 2022 and 2021, the Company was charged management fees by Awards in the amounts of \$204,000, \$204,000 and \$274,000, respectively, which is included in general and administrative expenses.

The Company also paid Awards \$41,659, \$41,638 and \$41,692 for allocated overhead expenses for the years ended December 31, 2023, 2022, and 2021, respectively. In addition, Awards advances funds on behalf of the Company. These funds are generally reimbursed by the Company within the same month of the advance. The amount due from Awards as of December 31, 2023 and 2022, was \$4,625 and \$6,225, respectively, which is included in "Due from affiliate" in the accompanying balance sheets.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 7. RELATED-PARTY TRANSACTIONS (CONTINUED)**

LRS Realty Associates, LLC

The shareholders of the Company are affiliated with LRS Realty Associates ("LRS") through common ownership and control. The Company currently leases its office space from LRS under a short-term lease agreement that provides for monthly payments of \$6,000 that expired on December 31, 2023. Effective April 2024, the Company extended the lease expiration to December 31, 2024, with no option for renewal in the agreement.

The Company paid rent to LRS in the amount of \$72,000, \$72,000 and \$78,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

**NOTE 8. PROFIT SHARING AND 401(k) PLANS**

The Company's full-time employees are eligible to participate in the Crown Trophy, Inc. 401(k) Profit Sharing Plan (the "Plan") after reaching required service hours. For the years ended December 31, 2023, 2022 and 2021, the Company's required contributions to the Plan amounted to \$8,797, \$19,730 and \$6,170, respectively.

**NOTE 9. GOVERNMENT ASSISTANCE INCOME**

Paycheck Protection Program

On April 17, 2020, the Company received loan proceeds ("Loan No. 1") of \$- under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Not more than 60% of the amount forgiven can be attributable to non-payroll costs.

The PPP loan would have matured two years from the date of first disbursement of proceeds to the Company and accrued interest at a fixed rate of 1.0%. Payments were deferred for the first six months and were payable in 18 equal consecutive monthly installments of principal and interest.

On February 25, 2021, the Company received loan proceeds of \$62,500 ("Loan No. 2") under the second draw of the PPP. The loan would have matured on February 25, 2026, five years from the date of the note and accrued interest at a fixed rate of 1.0%.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities to a for-profit entity. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Company determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Company recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Company has been legally released from its obligation by the lender.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 9. GOVERNMENT ASSISTANCE INCOME (CONTINUED)**

Paycheck Protection Program (Continued)

The Company deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there were significant contingencies outside of the control of the Company, mainly related to the third-party approval process for forgiveness.

Both Loan No. 1 and Loan No. 2 were forgiven in full in May 2021 and December 2021, respectively. As a result, the Company recorded a total of \$145,279 as "Paycheck Protection Program loan forgiveness" in the accompanying statement of operations and retained earnings for the year ended December 31, 2021. If it is determined that the Company was not eligible to receive the PPP loans or that the Company has not adequately complied with the rules, regulations and procedures applicable to the Small Business Administration's Loan Program, the Company could be subject to penalties and could be required to repay the amounts previously forgiven.

Employee Retention Tax Credit

The Employee Retention Tax Credit ("ERTC") is based on wages paid by an eligible employer for payroll periods when certain criteria are met. The Company determined it was eligible for the ERTC and included allowable amounts per quarterly payroll tax returns to recover ERTC related amounts for each applicable period. Following the original quarter of eligibility, ERTC amounts were partially recovered by reducing federal payroll tax deposits due for periods the Company remains eligible for the ERTC.

U.S. GAAP does not contain authoritative guidance related to government assistance programs. Absent authoritative accounting standards, interpretive guidance issued and commonly applied by financial statement preparers allows the analogy to alternative guidance. For the retroactive application to 2020, interpretive guidance suggests the use of the "loss recovery" guidance within FASB ASC 410, *Asset Retirement and Environmental Obligations*, which indicates that a claim for recovery should be recognized only when the claim is probable ("realized or realizable"), as defined in FASB ASC No. 450, *Contingencies* ("ASC 450"). For 2021, subsequent to the Consolidated Appropriations Act's effective date, interpretive guidance suggests the application of International Accounting Standards No. 20, *Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20"). Under IAS 20, government assistance is recognized where there is reasonable assurance (similar to "probable" under U.S. GAAP) that the conditions will be met, and the assistance will be received.

For refunds of 2021 payroll taxes paid, management has determined that the Company is eligible and has met all the conditions to qualify for the ERTC. For the year ended December 31, 2021, the ERTC amount determined was \$63,000. Out of this, \$36,859 was received in cash and \$26,141 was applied against payroll tax payments. During 2022, the Company received additional cash refunds of payroll taxes paid for the period April 2020 to June 2020 in the amount of \$15,000 along with interest of \$401. ERTC of \$15,401 and \$63,000 are included in Other income as "Government assistance income - employee retention tax credit" in the accompanying statements of operations and retained earnings for the year ended December 31, 2022 and December 31, 2021, respectively.

**CROWN TROPHY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 9. GOVERNMENT ASSISTANCE INCOME (CONTINUED)**

Employee Retention Credit (Continued)

If it is determined that the Company was not eligible to receive the ERTC or that the Company has not adequately complied with the rules, regulations and procedures applicable to the ERTC program, the Company could be subject to penalties and could be required to repay the amounts previously forgiven.

**SUPPLEMENTARY INFORMATION**

**CROWN TROPHY, INC.**  
**SCHEDULES OF DIRECT OPERATING AND**  
**GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

|  | <u>2023</u>                | <u>2022</u>                | <u>2021</u>                |
|--|----------------------------|----------------------------|----------------------------|
| Direct operating expenses:                       |                            |                            |                            |
| Catalog printing expense                         | \$ 36,577                  | \$ 10,568                  | \$ -                       |
| Shipping charges                                 | (81)                       | 2,732                      | -                          |
| Uniforms   | <u>27,948</u>              | <u>11,892</u>              | <u>-</u>                   |
| <b>TOTAL DIRECT OPERATING EXPENSES</b>           | <b><u>\$ 64,444</u></b>    | <b><u>\$ 25,192</u></b>    | <b><u>\$ -</u></b>         |
| General and administrative expenses:             |                            |                            |                            |
| Office salaries and commissions                  | \$ 667,340                 | \$ 640,295                 | \$ 652,156                 |
| Management fees                                  | 204,000                    | 204,000                    | 274,000                    |
| Professional fees                                | 97,206                     | 84,697                     | 69,990                     |
| Rent   | 72,000                     | 72,000                     | 78,000                     |
| Travel and promotion                             | 140,890                    | 68,212                     | 132,052                    |
| Allocated overhead expenses                      | 41,659                     | 41,638                     | 41,692                     |
| Payroll and other taxes                          | 46,955                     | 37,795                     | 31,176                     |
| Employee welfare                                 | 27,189                     | 33,574                     | 25,610                     |
| Franchise training expenses                      | 24,712                     | 26,724                     | 32,975                     |
| Show and convention expenses                     | 79,612                     | 25,534                     | -                          |
| Automobile expense                               | 8,436                      | 23,816                     | 15,433                     |
| Benefit plan contributions                       | 8,797                      | 19,730                     | 6,170                      |
| Computer expenses                                | 11,261                     | 11,102                     | 7,869                      |
| Credit card fees                                 | 8,605                      | 8,249                      | 5,099                      |
| Payroll service charges                          | 4,416                      | 3,668                      | 4,213                      |
| Office supplies and expenses                     | 14,146                     | 1,841                      | 21,179                     |
| Dues and subscriptions                           | 1,731                      | 1,066                      | 1,322                      |
| Provision for bad debts                          | <u>(55,113)</u>            | <u>(13,370)</u>            | <u>104,672</u>             |
| <b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b> | <b><u>\$ 1,403,842</u></b> | <b><u>\$ 1,290,571</u></b> | <b><u>\$ 1,503,608</u></b> |

See independent auditor's report.

**EXHIBIT I**

**FRANCHISE DEPOSIT AGREEMENT**

This Franchise Deposit Agreement is signed and submitted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ to Crown Trophy, Inc., a New York corporation with its principal address at 9 Skyline Drive, Hawthorne, New York 10532 (the “Franchisor”) by \_\_\_\_\_, whose principal address is \_\_\_\_\_ (the “Applicant”).

1. The Applicant hereby applies to enter into a franchise agreement (“Agreement”) with the Franchisor for the operation of a Crown Trophy center in \_\_\_\_\_ (Territory) upon the terms and conditions contained in the Franchisor’s standard franchise agreement.

2. The Applicant understands that before signing the Agreement, he/she may be given information and material which will be of a confidential nature concerning the Franchisor and the franchise system. The Applicant agrees to keep all this information and material confidential and not to disclose it to any other person or use same or obtain any benefit from it, directly or indirectly, without the prior written consent of the Franchisor.

3. The Applicant encloses herewith a deposit in the amount of Five Thousand (\$5,000.00) Dollars (the “Deposit”). It is understood that if the Franchise Agreement is entered into between the Franchisor and the Applicant, the Deposit will be credited toward payment of the initial franchise fee without interest or deduction. However, if at any time hereafter, either party notifies the other that it elects not to enter into the Franchise Agreement, the Franchisor will promptly refund the Deposit.

4. In the event that the Deposit is returned for any reason, the Franchisor shall have no further obligation or liability whatsoever to the Applicant.

5. Applicant acknowledges that Applicant received a copy of Franchisor’s current applicable Franchise Disclosure Document at or before the earliest of: (i) the first personal meeting between Applicant and Franchisor to discuss the purchase of the Franchise; (ii) fourteen (14) days before (a) the date of this Agreement; and (b) fourteen (14) days before the payment of any consideration by Applicant.

APPLICANT

\_\_\_\_\_  
\_\_\_\_\_

Crown Trophy, Inc. acknowledges the foregoing together with the receipt of the amount of Deposit referred to above.

CROWN TROPHY, INC.

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

Date: \_\_\_\_\_

**EXHIBIT J**

**GENERAL RELEASE**

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

**General Release**

THIS GENERAL RELEASE (the “**Release**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), by and between:

- \_\_\_\_\_, a \_\_\_\_\_ corporation whose principal place of business is \_\_\_\_\_ (“**Franchisor**”); and
- \_\_\_\_\_ a [resident of] \_\_\_\_\_ [corporation organized in] [limited liability company organized in] \_\_\_\_\_ and having offices at \_\_\_\_\_ [“(Franchisee”)”] [“(Transferor”)”].

**BACKGROUND:**

A. Franchisor and Franchisee are party to a Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”);

B. Franchisor and Franchisee have agreed, pursuant to the Agreement, [to renew or extend Franchisee’s rights under the Agreement (the “**Renewal Transaction**”)] [to permit a transfer or assignment of \_\_\_\_\_ pursuant to the Agreement (the “**Transfer Transaction**”)], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. **Release.** [Franchisee] [Transferor], its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the “**Franchisor Group**”), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Agreement, the relationship created by the Agreement, or the development, ownership, or operation of the Crown Trophy Store. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’, and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Agreement or the Crown Trophy Store. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.

**[Note for California Release – add the following:**

**Except as set forth herein, Franchisee Group expressly relieve and relinquish all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and do so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:**

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”**

**Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchise Group expressly acknowledges that this Release is intended to include in its effects without limitation, all claims described in this paragraph which Franchisee Group does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.]**

**[Note for Maryland Release – add the following to Section 1, at the end of the first sentence: “excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law.”]**

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party’s respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.6. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

[signature page follows]

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

\_\_\_\_\_  
Franchisor

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

Name: \_\_\_\_\_

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

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

**EXHIBIT K**

**FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, Crown Trophy, Inc. (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “Crown Trophy” franchised business (the “**Crown Trophy Store**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each question.

Another goal in asking you these questions is to be confident that you are prepared to become a Crown Trophy franchisee, that you understand the risks of owning your own business, and that we have complied with our obligations in providing you with the information required by law.

We may, in lieu of requesting that you review and sign this Certification, review these questions with you during our pre-closing meeting, and may take notes of your verbal responses for our records.

Do not sign this Questionnaire, ~~or respond orally to these questions~~, if you are a resident of Maryland or the business is to be operated in Maryland.

1. The following dates and information are true and correct:

- a. \_\_\_\_\_, 20\_\_                      The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a Crown Trophy Store.  
Initials \_\_\_\_\_
  
- b. \_\_\_\_\_, 20\_\_                      The date on which I received Franchisor’s Franchise Disclosure Document (“**FDD**”).  
Initials \_\_\_\_\_
  
- c. \_\_\_\_\_, 20\_\_                      The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed.  
Initials \_\_\_\_\_
  
- d. \_\_\_\_\_, 20\_\_                      The date on which I signed the Franchise Agreement.  
Initials \_\_\_\_\_

2. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Do you understand all of the information contained in the Franchise Agreement and each Addendum and related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

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4. Do you understand that the Franchise Agreement contains a number of provisions that may affect your legal rights, including required mediation and arbitration, designated locations or states for arbitration and any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Have you received and personally reviewed the FDD that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Did you sign a receipt for the FDD indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand that you are agreeing:

a. to open a new independent business, the success of which will depend on your ability to market and sell Crown Trophy products, predict and adapt to changes in the marketplace, negotiate and enter into agreements with third parties, attract and retain qualified staff as may be necessary, and otherwise operate all phases of an independent business over which you will have substantial control?

Yes \_\_\_\_\_ No \_\_\_\_\_

b. to be responsible for your own income, including the profits and losses that arise from owning an independent business?

Yes \_\_\_\_\_ No \_\_\_\_\_

c. that as an independent business owner, you will not earn wages, nor be eligible for workers' compensation, unemployment insurance or paid sick and family leave, or otherwise be entitled to benefits which would arise in the context of an employment relationship?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

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9. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a Crown Trophy Store as a franchised business?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Do you understand that the success or failure of your franchised Crown Trophy Store will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee or other person speaking for the Franchisor made any statement or promise to you concerning the revenues, profits or operating costs of a Crown Trophy Store operated by the Franchisor or its franchisees, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking for the Franchisor made any statement or promise to you regarding the amount of money you may earn in operating the Crown Trophy Store that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or other person speaking for the Franchisor made any statement or promise to you concerning the total amount of revenue the Crown Trophy Store will or may generate, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee or other person speaking for the Franchisor made any statement or promise to you regarding the costs you may incur in operating the Crown Trophy Store that is contrary to or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has any employee or other person speaking for the Franchisor made any statement or promise to you concerning the likelihood of success that you should or might expect to achieve from operating a Crown Trophy Store?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Has any employee or other person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the

Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be a franchisee will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) Franchisor and its affiliates will have no control, or right to control, any of the employment actions or decisions in your business? (*Franchisor recommends that you retain employment law counsel to advise you on your employment issues and questions*).

Yes \_\_\_\_\_ No \_\_\_\_\_

20. Do you understand that the territorial rights you have been granted are subject to limitations and exceptions?

Yes \_\_\_\_\_ No \_\_\_\_\_

21. Do you understand that Franchisor and its affiliates and subsidiaries retain the right, directly or through others, to develop and franchise other similar franchises or different franchise systems inside or outside of your territory?

Yes \_\_\_\_\_ No \_\_\_\_\_

22. Do you understand that the Franchise Agreement contain the entire agreement between you and the Franchisor concerning the franchise for the Crown Trophy Store, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes \_\_\_\_\_ No \_\_\_\_\_

23. During my negotiations and evaluations leading up to my decision to buy a Crown Trophy Store franchise, I communicated with the following individuals from the Franchisor or its affiliates, or independent brokers:

Name

Address

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

[Insert additional names and addresses below if needed]

24. If you have answered “Yes” to any of questions 10-17, please provide a full explanation of each “yes” answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered “no” to each of questions 10-17, then please leave the following lines blank.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

25. I signed the Franchise Agreement and Addenda (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

For California prospective franchisees: You are not required to sign this Franchisee Compliance Certification.

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

FRANCHISE APPLICANT

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 20\_\_\_\_  
Date

## 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:

| <b>STATES</b> | <b>EFFECTIVE DATE</b>                             |
|---------------|---|
| California    | <del>June 8, 2023</del> <a href="#">Pending</a>   |
| Florida       | <del>April 25, 2023</del> <a href="#">Pending</a> |
| Illinois      | <del>May 1, 2023</del> <a href="#">Pending</a>    |
| Indiana       | <del>May 4, 2023</del> <a href="#">Pending</a>    |
| Maryland      | <del>June 14, 2023</del> <a href="#">Pending</a>  |
| Michigan      | <del>May 14, 2023</del> <a href="#">Pending</a>   |
| Minnesota     | <del>June 1, 2023</del> <a href="#">Pending</a>   |
| New York      | <del>May 12, 2023</del> <a href="#">Pending</a>   |
| North Dakota  | <del>June 8, 2023</del> <a href="#">Pending</a>   |
| Rhode Island  | <del>May 5, 2023</del> <a href="#">Pending</a>    |
| Virginia      | <del>June 9, 2023</del> <a href="#">Pending</a>   |
| Wisconsin     | <del>April 30, 2023</del> <a href="#">Pending</a> |

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

**EXHIBIT L**

**RECEIPTS**

**(RETAIN THIS COPY FOR YOUR RECORDS)**

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 Crown Trophy, Inc. offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

(b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale.

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

(d) Under Iowa law, if applicable, at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Crown Trophy, Inc. 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, D.C. 20580 and to the appropriate state agency listed in Exhibit A.

The franchisor is Crown Trophy, Inc., located at 9 Skyline Drive, Hawthorne, NY 10541. Its telephone number is 800-583-8228.

Issuance date: April ~~2825~~, 20232024

The franchise seller is: Mr. Scott Kelly, or  
Crown Trophy, Inc.'s National Franchise Sales Manager  
9 Skyline Drive  
Hawthorne, NY 10541  
Telephone: 914-347-7700

Any additional individual franchise sellers involved in offering the franchise are:

Crown Trophy, Inc. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April ~~2825~~, 20232024. This Disclosure Document included the following exhibits:

- |   |  |   |                                     |
|---|--|---|-------------------------------------|
| A | List of Administrators                           | G | Former Franchisees                  |
| B | Agents for Service of Process                    | H | Financial Statements                |
| C | State Appendices                                 | I | Franchise Deposit Agreement         |
| D | Franchise Agreement                              | J | General Release                     |
| E | Confidential Operations Manual Table of Contents | K | Franchisee Compliance Certification |
| F | Existing Franchisees                             | L | Receipts<br>State Effective Dates   |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RECEIPTS**  
**(RETURN THIS COPY TO US)**

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 Crown Trophy, Inc. offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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| F | Existing Franchisees                             | L | Receipts                            |
|   |  |   | State Effective Dates               |

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Date Received

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Prospective Franchisee

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Name (please print)

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Address: \_\_\_\_\_

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