



## FRANCHISE DISCLOSURE DOCUMENT

Global Recruiters Network, Inc.  
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The franchise offered is to operate a permanent placement service business under the GLOBAL RECRUITERS NETWORK® service mark for placement of full-time employees.

The total investment necessary to begin operation of a Global Recruiters Network franchise ranges from \$32,600 to \$44,700 (not including real property). This includes \$20,000 to \$25,200 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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.

Issuance date of this Franchise Disclosure Document: April 25, 2025

## 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 Exhibit 8.
<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 2 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 Global Recruiters Network 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 Global Recruiters Network franchisee?</b>	Item 20 or Exhibit 8 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 3.

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 Illinois. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Illinois than in your own state.

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.

**GLOBAL RECRUITERS NETWORK, INC.**

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE  
MICHIGAN FRANCHISE INVESTMENT LAW**

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, 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 provision of the franchise 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 franchise 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 transferee 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 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 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a 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 FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa, Lansing, Michigan 48909  
(517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is invalid and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

## **TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....	1
ITEM 2 BUSINESS EXPERIENCE .....	2
ITEM 3 LITIGATION .....	3
ITEM 4 BANKRUPTCY .....	3
ITEM 5 INITIAL FEES .....	3
ITEM 6 OTHER FEES .....	5
ITEM 7 ESTIMATED INITIAL INVESTMENT .....	8
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	11
ITEM 9 FRANCHISEE'S OBLIGATIONS.....	13
ITEM 10 FINANCING .....	14
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	15
ITEM 12 TERRITORY .....	23
ITEM 13 TRADEMARKS .....	24
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION .....	26
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	26
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	27
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	28
ITEM 18 PUBLIC FIGURES.....	32
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	32
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....	33
ITEM 21 FINANCIAL STATEMENTS.....	33
ITEM 22 CONTRACTS.....	40
ITEM 23 RECEIPTS .....	40

## **EXHIBITS**

EXHIBIT 1	FRANCHISE AGREEMENT
A	FRANCHISED BUSINESS LOCATION; DESIGNATED TRAINEES
B	PROPRIETARY MARKS
C	PROMISSORY NOTE
D	GRN EXCHANGE PROGRAM AGREEMENT
E	COMPUTER HARDWARE AND SOFTWARE
F	CAPSX SOFTWARE® LICENSE AGREEMENT
G	CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND E-MAIL ADDRESSES
H	CONFIDENTIALITY/NON-COMPETITION AGREEMENT
I	GUARANTEE
J	REPORTING, INVOICING, AND PAYMENT PROGRAM AND AUTHORIZATION AGREEMENTS
EXHIBIT 2	FINANCIAL STATEMENTS
EXHIBIT 3	STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
EXHIBIT 4	TABLE OF CONTENTS OF RECRUITER'S MANUAL
EXHIBIT 5	RESERVATION LETTER
EXHIBIT 6	TRAINING AGREEMENT
EXHIBIT 7	STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS
EXHIBIT 8	LIST OF FRANCHISEES
EXHIBIT 9	GENERAL RELEASE

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT 7.



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

**The Franchisor**

To simplify the language in this disclosure document, “GRN” or “we” or “us” means Global Recruiters Network, Inc., the franchisor. “You” means the individual, individuals, or franchisee who buys the franchise. You must sign the Franchise Agreement (Exhibit 1) as an individual, but you may then assign the franchise to a corporation or limited liability company you form for this purpose if you meet our requirements. If you assign the franchise to a corporation or limited liability company, “you” also includes this entity and its owners.

We are a Delaware corporation incorporated in December 2002 under the name Global Recruiters Network, Inc. GRN is a franchise organization that commenced business as of December 2002. We do business under our corporate name and the trademarks described in Item 13 and no other name. Our principal business address is 200 S. Wacker Drive, Suite 1300, Chicago, Illinois 60606, and our telephone number is (866) GRN-8200. Our agents for service of process in the states whose franchise laws require us to name a state agency are shown on Exhibit 3.

**Our Predecessors and Affiliates**

Our parent company is RFB Holdings, Inc. (“RFB Holdings”). RFB Holdings was incorporated in November 2002. RFB Holdings owns all the stock of GRN. RFB Holdings does not operate permanent placement service businesses and has never offered franchises in any line of business.

RFB Holdings also owns all the stock of BBDP, Inc. (“BBDP”). BBDP was incorporated in Illinois in March 1995. BBDP is the developer and owner of consulting and placement solutions (CAPSX) software (the “CAPSX Software®”), the GRN Exchange Software, and a menu of other GRN Software Programs and related services and products. These software programs will be licensed to GRN and its franchisees. BBDP does not operate permanent placement service businesses and has never offered franchises in any line of business. RFB Holdings’ and BBDP’s principal business addresses are the same as ours.

RFB Holdings also owns all the stock of YGI, Inc. (“YGI”). YGI was incorporated in Illinois in August 2016. YGI provides franchisees accounting, tax, and business strategy consulting services related to their franchise business. YGI does not operate permanent placement service businesses and has never offered franchises in any line of business. YGI’s principal business address is the same as ours.

A third affiliate of ours is Quantum Leap Holdings, LLC, an Illinois limited liability company (“Quantum Leap”) formed in December 2006 that does business under the assumed name “401K4NOW.” Its principal business address is 7 Tartan Lakes Circle, Westmont, Illinois 60559. Quantum Leap offers potential franchisees (including GRN franchisees) a service and process by which the new franchisee can create a new “C” corporation to hold its franchise, create a new 401k plan for that new corporation, roll over existing 401k funds into the new 401k plan, and then use those funds to purchase the new corporation’s stock. The new corporation then has the funds available from the sale of its stock to the 401k plan to spend on the Initial Franchise Fee (defined in Item 5) and other franchise start-up and operational needs. Quantum Leap does not operate permanent placement service businesses and has never offered franchises in any line of business.

We have no predecessors. Except as provided above, we have no parent companies or affiliates who must be disclosed in this Item.

**The Franchise Offered**

We grant franchise rights to operate permanent placement service businesses for full-time employees. In this disclosure document, we call these businesses “GRN Businesses”; we call the GRN Business you will operate under the Franchise Agreement the “Business.” If you acquire a franchise from us, you must operate your Business from the Business Location (defined in Item 12). Under the Franchise Agreement,

we also grant you the right to use the service mark “GLOBAL RECRUITERS NETWORK®” and related trademarks, service marks, trade names, emblems, designs, labels, signs, and symbols (the “Proprietary Marks”); our proprietary system (the “GRN System” or the “System”); and our resources. We do not operate a GRN Business and have not offered franchises in other lines of business. We began offering franchises for GRN Businesses in January 2003. We have no other business activities.

### **The Market and Competition**

The primary market for your services will consist of all sectors of business and industry seeking the services of permanent placement personnel. We believe that the market for permanent placement services is established but competitive and expanding rapidly, that it will continue to expand, and that the need for these services will continue.

You may compete for both clients and qualified candidates with other businesses which provide similar services. The principal competitive factors in the permanent placement services industry are the availability and quality of candidates, the quality and integrity of the service provided by the service provider, operations and technology, resources of the service provider and, to varying degrees, the prices of the services.

Subject to your obligations contained in your Franchise Agreement, you may also compete with other GRN franchisees for clients and candidates. We do not limit your Business or any other GRN Business from soliciting any customer or client for permanent placement services, or from processing and placing any candidate or applicant for permanent placement services, regardless of the client's, candidate's or applicant's address or the location of the position.

### **Industry-Specific Regulations**

A limited number of states may require licenses or permits for the operation of a permanent placement services business. We strongly advise you to investigate the need for licensing with your lawyer. You must comply with federal, state and local equal opportunities laws and other state and local laws pertaining to pay transparency, equal pay, and a candidate's compensation history. The federal Fair Credit Reporting Act places regulations on reference checking. In addition, the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them.

## **Item 2** **BUSINESS EXPERIENCE**

**Bradford A. Baiocchi, Chief Executive Officer:** Mr. Baiocchi joined us as Chief Executive Officer in December 2002. Mr. Baiocchi is Founder and the former President of BBDP, located in Chicago, Illinois, and served in that capacity from June 1995 to December 2002.

**Yudh Kittiviriya, Chief Financial Officer:** Mr. Kittiviriya became Chief Financial Officer in April 2012. He joined us in December 2002 and previously held various positions in the area of accounting.

**Jolie Wilson, Vice President of Business Development:** Ms. Wilson became Vice President of Business Development in July 2021. Ms. Wilson joined us in February 2005 as Senior Director and served as our Vice President of Field Operations from December 2010 to July 2021. Ms. Wilson served as our Vice President of Placements from February 2009 to December 2010 and our Vice President of Business Development from February 2005 to February 2009.

**Glen A. Louthan, Vice Chairman and Treasurer:** Mr. Louthan became Vice Chairman and Treasurer in January 2022. Mr. Louthan joined us in December 2002 as Executive Vice President, Chief Financial Officer & Chief Operating Officer. Mr. Louthan served as our President from September 2012 to April 2017 and as our Senior Executive Financial Director from April 2017 to January 2022.

**John Isakson, Controller:** Mr. Isakson became Controller in June 2005.

**William Smyser, Vice President of Learning and Development:** Mr. Smyser became Vice President of Learning and Development in February 2023. Mr. Smyser joined us in September 2006 as a Business Development Manager and was our Director of Learning from April 2014 to January 2023.

**Jeannie Hobar, Senior Director of Learning and Development:** Ms. Hobar became Senior Director of Learning and Development in March 2023. Ms. Hobar served as our Director of Software Training from November 2003 to March 2023.

**Paul Rody, Senior Director of Network Development:** Mr. Rody became Senior Director of Network Development in July 2023. From February 2019 to June 2023, Mr. Rody was a Major Account Executive for the Franchise Group at CareerBuilder, LLC, located in Chicago, Illinois.

### **Item 3** **LITIGATION**

No litigation 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**

If you inform us that you are seriously interested in purchasing a franchise for a GRN Business, then we will send you a “Reservation Letter” (Exhibit 5) for your signature. The Reservation Letter will state the Business Location, the date of the Initial Training Program (defined in Item 11) session where you would like us to reserve a place for you (the “Training Session”) and the date (the “Execution Date”) by which you agree to sign a Franchise Agreement with us.

If, after receiving the Reservation Letter from us, you are strongly considering purchasing a franchise for a GRN Business and wish us to reserve a place for you in the Initial Training Program until the Execution Date, then – no sooner than 14 calendar days after you received this disclosure document (and, in certain states, no sooner than 10 business days after you received this disclosure document) – you should sign the Reservation Letter and return it to us with a check for \$10,000 (the “Deposit”).

If you send us the signed Reservation Letter and the Deposit no sooner than 14 calendar days after you received this disclosure document (and, in certain states, no sooner than 10 business days after you received this disclosure document), then we will reserve a place for you in the Training Session from the date we receive the signed Reservation Letter and the Deposit until the Execution Date.

If you send us the signed Reservation Letter and the Deposit but do not sign a Franchise Agreement for a GRN Business by the Execution Date, we will have no obligation to reserve the place in the Training Session for you past the Execution Date, and we will be free to permit another person to take the place in the Training Session we had reserved for you. In such an event, we will not refund the Deposit to you in whole or in part because we will have incurred expenses in connection with the prospective franchise for the GRN Business, and we may have lost the opportunity to fill one of the places in the Initial Training Program session, where space is necessarily limited. (We will have no obligation to extend the Execution Date to a later Franchise Agreement execution date that we agree on in writing but we may do so, under rare circumstances, at our sole option. You should not expect that we will extend the Execution Date.)

If we grant you a franchise for a GRN Business by the Execution Date (or a later Franchise Agreement execution date that we agree on in writing), we will credit the Deposit to the Initial Franchise Fee for the franchise.

The Reservation Letter is not a Franchise Agreement between you and us.

The Initial Franchise Fee is \$20,000 and is not refundable. The \$10,000 balance of the Initial Franchise Fee (net of the \$10,000 Deposit) is payable in 2 equal installments beginning on and after the date that is 13 months following the date you actually sign the Franchise Agreement, as follows: (a) the first \$5,000 of the balance of the Initial Franchise Fee is payable to us no later than 5 business days after you receive payment from your first permanent placement of a client or candidate; and (b) the remaining \$5,000 balance of the Initial Franchise Fee is payable to us no later than 5 business days after you receive payment from your second permanent placement of a client or candidate. We impose the Initial Franchise Fee uniformly on all franchisees.

You must sign a Promissory Note (Exhibit C to the Franchise Agreement in this disclosure document), evidencing your obligation to pay us the balance of the Initial Franchise Fee when you sign the Franchise Agreement. The Promissory Note will be interest-free except for the interest and late charges payable to us on any overdue payments.

You may use the incorporation and 401k-related services offered by Quantum Leap, our affiliate d/b/a 401K4NOW, if that is how you wish to structure and fund the start-up of your franchise. Quantum Leap's initial charge for these services is \$5,200 and is due in a lump sum before Quantum Leap begins the formation process. The payment is not refundable.

You pay us no other fees or payments for services or goods before your Business opens.

The initial franchise fees we received during our 2024 fiscal year ranged from \$20,000 to \$50,000.

*[Remainder of Page Intentionally Left Blank]*

**Item 6**  
**OTHER FEES**

Column 1 Type of fee *	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Continuing Royalty (Note 1)	<p>For years 1 through 10 of your Franchise Agreement's term:</p> <p>Gross Receipts up to and including \$500,000, 10% of Net Receipts</p> <p>Gross Receipts from \$500,000.01 to \$1,000,000, 8% of Net Receipts</p> <p>Gross Receipts from \$1,000,000.01 to \$1,500,000, 6% of Net Receipts</p> <p>Gross Receipts at or above \$1,500,000.01, 4% of Net Receipts</p>	Payable on the day following receipt (Note 1)	"Net Receipts" is defined as Gross Receipts less splits and other permitted adjustments. "Gross Receipts" is defined in Note 1.
GRN Bundle Fee (Note 2)	Our then current fee (currently \$3,000), but we may increase this fee up to 5% each year	Monthly, on the day we specify	You must pay us a monthly fee for various services we provide to you under the Franchise Agreement.
Transfer	\$2,500	Before we approve the transfer	No fees for transfers to corporations, partnerships or companies formed by you for convenience of ownership. No transfer fee for transfers to immediate family members.
Audit	Cost of audit	Upon demand	Payable only if audit reveals understatement of Net Receipts by 5% or more.
Interest	Lesser of 18% per year or maximum legal rate	Upon demand	Payable on overdue amounts beginning with first day of following month.
Late Charge	5% of amount owed	Upon demand	Payable on overdue amounts.

Column 1 Type of fee *	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
GRN Exchange	Varies	When due	You must participate in the GRN Exchange Program. Under this program, when a placement is made between 2 GRN Businesses, the fee typically is split equally. Upon receiving payment from the client, we will split the remittance as agreed, less the Continuing Royalty due, between the sharing GRN Businesses and remit the net amounts due to each GRN Business.
Initial Training	Subsequent trainee charge: \$2,500 per person (see remarks)	Expenses as incurred  Fee for subsequent attendees due before training	You must complete the Initial Training Program. If more than one person signs the Franchise Agreement as “Franchisee,” then we determine how many and which of these persons must complete the Initial Training Program (each, a “Designated Trainee”). If only one person signs the Franchise Agreement as “Franchisee,” that person will be the only Designated Trainee. We will identify your Designated Trainee(s) on Exhibit A to your Franchise Agreement. We provide the Initial Training Program for your Designated Trainee at no additional cost. You pay your attendees’ wages, transportation costs, lodging, meals, living and incidental expenses; however, we will pay the lodging costs (at the Union League Club only) incurred by 1 attendee during the classroom portion of the Initial Training Program. If you wish to designate other attendees to attend the Initial Training Program, and we agree to provide the Initial Training Program to these other attendees, we may charge a fee for training additional personnel.
Web Site Changes Fee	Our then current rate (currently \$100 per hour), but we may increase this fee up to 5% each year	As requested	Due if you request changes to the web site provided to you.
Renewal	Up to \$5,000	When you renew franchise after initial franchise term expires	

Column 1 Type of fee *	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Relocation	Reimburse our costs	As incurred	You must reimburse our costs if you wish to relocate your Business Location, and we are involved in the process.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement, and we take action against you.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Business's operation.
Seminars	Will vary under circumstances	As incurred	You must pay your own expenses for attending seminars.
Purchase of Materials and Services	Will vary under circumstances	As incurred	You must pay us for any optional materials or services that you buy from us.
Cure of Defaults	Will vary under circumstances	As incurred	If we cure any of your defaults, you must reimburse our costs.
Management Fee	Greater of 2 times salary of assigned individual or 10% of Business's weekly net cash in at our discretion	As incurred	If we manage your Business upon death or disability.

\*Unless otherwise specified, we or our affiliates impose all the fees in this table, and you pay them to us or BBDDP. All fees are nonrefundable and currently are uniformly imposed. However, franchisees operating GRN Businesses under earlier forms of franchise agreement may pay us a Continuing Royalty and operation support fee that differ from the Continuing Royalty and GRN Bundle Fee in this table.

## NOTES

- [1] Payment of the Continuing Royalty will be deducted by us from receipts collected by us on your behalf. The payment of the Continuing Royalty for this portion of your "Net Receipts" will happen automatically. You will determine the amount of billings to your clients. Each billing must be initiated through your CAPSX Software® or other software we designate. On a daily basis, we will print and mail or e-mail the invoices to your clients that you initiate. Mailed or e-mailed, all invoices must be drafted and sent from GRN headquarters. It is your responsibility to ensure timely payment. When we receive payment, we will deduct the fees due to us and remit the balance to your bank account by an automatic ACH transfer. We expect that you will receive payment roughly 3 business days after we receive payment. Any Gross Receipts that you receive from the Business that are not accounted for utilizing the invoicing and collection process that we will perform for you also are subject to Continuing Royalty. We will determine the amount due us relating to these revenues and initiate an electronic funds transfer (EFT), transferring the fees from your bank account to our bank account. "Gross Receipts" mean all revenue and income from any source that you derive or receive from, through, by or on account of the operation of your Business, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not you ultimately receive payment on credit transactions), or otherwise.

You will pay a Continuing Royalty based on a percentage of Net Receipts. The Continuing Royalty percentage decreases as the Gross Receipts from your Business increases. The Continuing Royalty payable during each calendar year will be adjusted when certain Gross Receipt tiers ("Tiers") are met. The Continuing Royalty percentages will apply only to the Net Receipts between the 2 Tiers set forth next to each percentage in the above table. Year 1 will begin on the date on which you start the Initial Training Program and end the following December 31st. For purposes of calculating your Continuing Royalty obligations, your Gross Receipts are reset to \$0 on the first day of each calendar year during the Franchise Agreement's term.

- [2] The GRN Bundle Fee covers (a) a single user license of CAPSX Software®, including GRN Exchange, GRN Chat, GRN Candidate Creator, GRN Data Loader, GRN Universal Importer and Outlook Integration; (b) GRN Dashboard; (c) access to GRN's video conferencing network; (d) client billing, collections and remittances; (e) Virtual Office (defined in Item 11) training providing real-time coaching as you develop your business; (f) providing field support services; (g) hosting your standardized GRN web site; (h) providing and maintaining a Resource Center for our ongoing collection of training, research and consultation material; (i) tools to mass e-mail, create campaigns, access to contact data and employer information; (j) human and artificial intelligence (AI) resources for supplying candidates and companies with whom you may connect; (k) access to GRN's data repository consisting of companies, contacts, candidates, and other data points critical for today's recruiter; (l) BBDP's support for both hardware and software, along with backup; (m) accounting and tax support provided by YGI; (n) subscription services to preferred partners; (o) registration fees for GRN's Global Workshop and for 1 regional meeting per year for you; and (p) legal assistance with issues impacting permanent placement services.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT\***

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Deposit	\$10,000 See Note 1	Lump sum	With your application for a franchise	GRN



Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee Less Deposit	\$10,000 See Note 1	2 installments of \$5,000 each	5 business days after you receive payment from your first and second permanent placements of a client or candidate, beginning on and after the date that is 13 months following the date you actually sign the Franchise Agreement  See Note 1	GRN
Real Property	See Note 2			
Security Deposits (real estate)	See Note 2			
Office Supplies	\$200 - \$500 See Note 3	As suppliers require	As suppliers require	Various suppliers
Permits and Licenses (if applicable)	\$200 - \$500 See Note 4	As agency requires	As agency requires	Agency
Insurance (excluding health care insurance)	\$1,000 - \$2,400 See Note 5	As agent requires	Before opening	Agent
Transportation/ Expenses For Training	\$500 - \$1,500 See Note 6	As airline, restaurants require	As airline, restaurants require	Airline, restaurants, etc.
GRN Bundle Fee	\$9,000 See Note 7	Lump sum	Monthly	GRN
Legal, Accounting, Misc. Expense	\$1,000 - \$2,000 See Note 8	As you agree with accountant/attorney	As you agree with accountant/ attorney	Accountant/ attorney
Quantum Leap Services	\$0 - \$5,200 See Note 8	As provider requires	Before formation process	Quantum Leap

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Additional Funds (3 Months)	\$700 - \$3,600  See Note 9	As expenses occur	Purchases according to agreed-on terms	Sellers of goods and services
<p><b>TOTAL        \$32,600 to \$44,700</b> (see Note 10)  (including the Initial Franchise Fee and the other expenses shown on the chart, but not  including real property)</p>				

\* None of the expenses described in this chart are refundable. As noted in Item 8, we will provide you with certain computer hardware and software at no charge before you open the Business.

### NOTES

- [1] As Item 5 describes in full, you pay us a Deposit of \$10,000. We will credit the Deposit to the Initial Franchise Fee if we grant you a franchise. The Initial Franchise Fee is \$20,000. The remaining \$10,000 balance of the Initial Franchise Fee is payable in 2 equal installments beginning on and after the date that is 13 months following the date you actually sign the Franchise Agreement, as follows: (a) the first \$5,000 of the balance of the Initial Franchise Fee is payable to us no later than 5 business days after you receive payment from your first permanent placement of a client or candidate; and (b) the remaining \$5,000 balance of the Initial Franchise Fee is payable to us no later than 5 business days after you receive payment from your second permanent placement of a client or candidate.
- [2] We anticipate that you will operate the Business from a private dwelling or residence and do not require you to lease space in a Commercial Premises for your Business Location. "Commercial Premises" means premises that are zoned for commercial use only and that are non-residential. If you choose instead to lease space in a Commercial Premises from which to operate the Business, your rent per square foot will vary considerably depending on the area in which the Business Location is located, its size, the condition of the premises, the landlord's contribution to your leasehold improvements and other factors. You probably will also have to pay the landlord a lease security deposit when you sign the lease, which we estimate may range from \$0 to \$2,000.
- [3] The range shown is for estimated initial supplies for the 3 months following the opening of the Business, in addition to the forms which we provide.
- [4] Several states require that you obtain a license to operate a permanent placement services business. The fees for obtaining these licenses vary from state to state. Other types of permits and licenses also may be necessary, as states and localities require.
- [5] You must obtain the following insurance from companies satisfactory to us which are licensed to do business in the state in which your Business Location is located and which have an A.M. Best insurance rating of at least "A":
  - Broad form comprehensive general liability coverage and broad form contractual liability coverage satisfactory to us of at least \$1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of over \$5,000.

- Errors and omissions insurance and employment practices liability insurance of at least \$1,000,000 per occurrence.
- A policy covering non-owned automobile liability covering bodily injury of \$1,000,000 per occurrence.
- Sufficient insurance coverage to satisfy your indemnification obligations under the Franchise Agreement.

Since insurance costs vary greatly from area to area, you should consult with your local agent or broker to obtain a precise quotation. We can change the required coverages and amounts.

- [6] Varies significantly depending upon distance to be traveled and the restaurants chosen. We provide the lodging (at the Union League Club only) for 1 attendee at no cost.
- [7] We estimate 3 monthly payments of the GRN Bundle Fee during the initial operation of the Business.
- [8] You may incur legal and accounting fees for miscellaneous matters like incorporating, obtaining a license, reviewing a lease, etc. The actual cost will depend on the work done by the accountant and/or attorney and the rates charged (usually hourly). There will be an additional \$5,200 charge if you choose to use Quantum Leap's incorporation and 401k-related services. Quantum Leap's services are optional.
- [9] The estimate of additional funds covers funds generally needed to cover ordinary operating expenses (such as office expenses, telephone service, and accounting and legal) – assuming no Gross Receipts – for the startup phase (first 3 months) of your Business. Because this is only an estimate, it is possible that you will need additional working capital during the first 3 months you operate your Business and for a longer time period after that. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Business will break even. In compiling this additional funds estimate, we rely on our experience in franchising permanent placement businesses.
- [10] You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of your initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

## **Item 8**

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

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

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

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

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

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

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

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

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

Like most convention sponsors, we negotiate for free room nights at conventions and meeting hotels. We use them to defray a portion of the cost of staff attendance at the meetings. We negotiate purchase arrangements with suppliers, including prices, for various items. For example, we have negotiated prices and other terms for long distance telephone service, equipment, on-line job boards and software. In negotiating any purchase arrangements with suppliers, we seek to promote the overall interests of the System and our interests as the franchisor. We do reserve the right to participate in all purchasing programs. There currently are no purchasing or distribution cooperatives. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

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

Our insurance requirements are summarized in Item 7 above.

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

be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of the GRN System. We periodically may give you specifications for minimum standards for products, services, or equipment in our Manual (defined in Item 11) or other written communications and may modify those specifications.

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

## **Item 9** **FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	6 of Franchise Agreement	7, 11 and 12
b. Pre-opening purchase/leases	8.08 and 8.09 of Franchise Agreement	7, 8 and 11
c. Site development and other pre-opening requirements	6 of Franchise Agreement	7, 8 and 11
d. Initial and ongoing training	7.02-7.03 and 7.06 of Franchise Agreement and 4 of Training Agreement	6, 7, and 11
e. Opening	8.01 of Franchise Agreement	11
f. Fees	4.03(6), 5, 6.03, 7.03, 7.06, 7.08, 8.09.B, 8.13, 11.02.C, 14.04.A(11), 14.05, 22.01, 29.01, and 29.02 of Franchise Agreement; Reservation Letter (Exhibit 5); and 6 of CAPSX Software® License Agreement	5, 6, 7, 8, 10, and 11
g. Compliance with standards and policies/operating manual	7.01 and 8 of Franchise Agreement	7, 8, 11, 15 and 16
h. Trademarks and proprietary information	12 and 15 of Franchise Agreement; 3 of CAPSX Software® License Agreement; and 4 of Training Agreement	13 and 14
i. Restrictions on products/services offered	8.04 and 8.08(A) of Franchise Agreement	8, 11, and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	3 of Franchise Agreement	12

Obligation		Section in Agreement	Disclosure Document Item
l.	On-going product/service purchases	8.08 and 8.09 of Franchise Agreement	6 and 8
m.	Maintenance, appearance, and remodeling requirements	4.03(2) and 8.07 of Franchise Agreement	8 and 11
n.	Insurance	9 of Franchise Agreement	6, 7, and 8
o.	Advertising	10 of Franchise Agreement	6, 7, 8, and 11
p.	Indemnification	8.12 of Franchise Agreement	6
q.	Owner's participation/management/staffing	8.05 and 8.06 of Franchise Agreement	15
r.	Records and reports	5.05, 8.19, and 11 of Franchise Agreement	6
s.	Inspections and audits	8.13 and 11.02 of Franchise Agreement	6
t.	Transfer	14 of Franchise Agreement; 9(c) of CAPSX Software® License Agreement; and 6 of Training Agreement	17
u.	Renewal	4 of Franchise Agreement	17
v.	Post-termination obligations	18 of Franchise Agreement	17
w.	Non-competition covenants	13 of Franchise Agreement; 5 of Training Agreement	17
x.	Dispute resolution	24-26, 29, 31, and 13.03 of Franchise Agreement; 9(e), (f), and (g) of CAPSX Software® License Agreement; and 10A of Training Agreement	17

## **Item 10** **FINANCING**

You must pay us the balance of the Initial Franchise Fee (if you do not pay it in a lump sum). The \$10,000 balance of the Initial Franchise Fee is payable in 2 equal installments beginning on and after the date that is 13 months following the date you actually sign the Franchise Agreement, as follows: (a) the first \$5,000 of the balance of the Initial Franchise Fee is payable to us no later than 5 business days after you receive payment from your first permanent placement of a client or candidate; and (b) the remaining \$5,000 balance of the Initial Franchise Fee is payable to us no later than 5 business days after you receive payment from your second permanent placement of a client or candidate.

You must sign a Promissory Note (Exhibit C to the Franchise Agreement in this disclosure document), evidencing your obligation to pay us the Initial Franchise Fee when you sign the Franchise Agreement. The Promissory Note will be interest-free except for the interest and late charges payable to us on any

overdue payments – that is, a late charge of 5% of the late payment (or maximum legal amount) plus interest on the late payment at 18% per year or the highest legal rate, whichever is less.

You can prepay the Promissory Note without penalty at any time. The only security we require is that your principals and/or owners sign a personal guarantee (Exhibit I to the Franchise Agreement) if you assign your Franchise Agreement to a corporation or limited liability company. If you default on the Promissory Note, we can terminate the Franchise Agreement and call the loan and demand immediate payment of the full outstanding balance and obtain all costs of collection, court costs and attorneys' fees.

Except as provided above, (1) we do not offer direct or indirect financing, (2) we do not guarantee your note, lease, or obligation, and (3) we have no practice or intent to sell, assign, or discount to a third party all or part of a financing arrangement. There are no waivers or defense provisions in our Promissory Note.

Our affiliate, Quantum Leap d/b/a 401K4NOW, does not offer direct or indirect financing but helps you structure your franchise's ownership so that you can use 401k funds to finance the acquisition and operation of the franchise. Quantum Leap does not guarantee your note, lease, or obligation.

### **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 Business, we will:

- (1) Accept the Business Location. We anticipate that you will operate the Business from a private dwelling or residence and do not require you to lease space in a Commercial Premises for your Business Location. We do not have any site selection procedures or factors we consider in approving sites for GRN Businesses. Therefore, we do not have the right to terminate the Franchise Agreement if you and we cannot agree on a site for the Business. (Franchise Agreement, Section 6) We do not own locations for lease to franchisees.
- (2) Provide pre-training assistance and consultation to you before you attend the Initial Training Program, by telephone, e-mail, other electronic communications or other communication devices, as we determine. (Franchise Agreement, Section 7.02)
- (3) Provide you with 1 business computer, 2 monitors, 1 webcam, 1 speaker pair, 1 external HD, and a single user version of third-party software, LaserJet printer, All-In-One printer, 1 VoIP Hardware Phone with wireless headset, and certain other computer-related accessories or peripheral equipment that we then specify for our franchisees. We also will provide you with a single user license of CAPSX Software®, including GRN Exchange Software, GRN Chat, GRN Candidate Creator, GRN Data Loader, GRN Universal Importer, Outlook Integration, GRN Dashboard and access to our video conferencing network, which we include in the GRN Bundle Fee. We list the required computer hardware and software in Exhibit E to your Franchise Agreement. (Franchise Agreement, Section 7.04) BBDDP will deliver the computer hardware and software to you. Neither we nor BBDDP install the computer hardware and software.
- (4) Provide you with a standardized franchisee web site and e-mail address for your use during the term of the Franchise Agreement.
- (5) Provide you with access to the ZoomInfo database (or similar database, as we designate) of potential client company files during the term of the Franchise Agreement.
- (6) Provide you access to a copy of the GRN confidential "Recruiter's Manual" (the "Manual"). See Exhibit 4 for the Table of Contents of the Manual, which currently contains 174 pages. You must strictly comply with the Manual in operating your Business. We can change the Manual, and you

must comply with these changes when you receive them. If we provide the Manual to you in electronic format through the CAPSX Software®, you must monitor and access the CAPSX Software® for any updates to the substance of the Manual. If we provide the Manual to you in print format, on the other hand, immediately after you receive any Manual portions or any “Supplements” to the Manual that we designate as substitutes for existing portions of the Manual, you agree to return the superseded portions to us or, if we so direct, to destroy them. (Franchise Agreement, Section 7.01)

- (7) Provide you with an initial supply of printed materials and forms that we estimate to be enough for approximately 90 days. (Franchise Agreement, Section 7.04)
- (8) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 10 business days of receipt. If we do not respond within 10 business days, the material is approved. (Franchise Agreement, Section 10.02)
- (9) Notify all other GRN Businesses of your operation, place you on the GRN Exchange Program mailing list for franchisees, and furnish to you all GRN Exchange Program newsletters, bulletins and information sent by us to our franchisees. (Franchise Agreement, Section 7.05)

You must participate in the GRN Exchange Program. You must sign the GRN Exchange Program Agreement (Exhibit D) when you sign the Franchise Agreement. Under the GRN Exchange Program Agreement, you will agree to be bound by the then current Rules and Procedures of the GRN Exchange Program applicable to franchisees. These Rules and Procedures are established (and modified from time to time) by GRN. Any dispute between GRN Businesses with respect to the division of revenues from a placement through the Exchange Program will be decided by arbitration (“Exchange Arbitration”) under the Rules and Procedures of the GRN Exchange Program. You agree that neither we, our affiliates, nor the officers, directors, employees or agents of these entities will be liable for any act, error or omission on our or their parts with respect to the administration of the Exchange Program, including the conduct of Exchange Arbitrations. If you refuse to honor an Exchange Arbitration decision, we will have the right to publish that fact, and we can immediately terminate the Franchise Agreement without any right to cure. Under the GRN Exchange Program, when a placement is made between 2 GRN Businesses, the fee typically is split equally.

- (10) Provide an initial training program to you covering the following subjects (the “Initial Training Program”):

### **TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE JOB TRAINING</b>	<b>LOCATION</b>
What is a Recruiter (traits and skills)	.5	0	Chicago, Illinois or Virtual Office
Day in the life of a Recruiter and Metrics	.5	0	Chicago, Illinois or Virtual Office
GRN Process	1	0	Chicago, Illinois or Virtual Office
5 Folders & Circle of Success	.5	0	Chicago, Illinois or Virtual Office
<b>Total GRN Process</b>	<b>2.5</b>	<b>0</b>	Chicago, Illinois or Virtual Office
Planning   Metrics   Goal Setting	<b>15</b>	<b>0</b>	Chicago, Illinois or Virtual Office



SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE JOB TRAINING	LOCATION
Call Confidence	1	0	Chicago, Illinois or Virtual Office
Prospecting / Sales / Relationships	4.5	0	Chicago, Illinois or Virtual Office
Qualifying and Closing	1.5	0	Chicago, Illinois or Virtual Office
Identifying Target Markets	1	0	Chicago, Illinois or Virtual Office
<b>Total Sales Process</b>	<b>8</b>	<b>0</b>	Chicago, Illinois or Virtual Office
Reading a Resume	.5	0	Chicago, Illinois or Virtual Office
Qualify Candidates	2	0	Chicago, Illinois or Virtual Office
Recruiting Practicum (Script, Candidate Inventory, Handling Diversions)	2.5	0	Chicago, Illinois or Virtual Office
Role Play Inventory	4	0	Chicago, Illinois or Virtual Office
Inventory Recruit Calls	31.5	0	Chicago, Illinois or Virtual Office
<b>Total Recruiting</b>	<b>40.5</b>	<b>0</b>	Chicago, Illinois or Virtual Office
Sales & Marketing Overview	.5	0	Chicago, Illinois or Virtual Office
Qualifying / Identifying your QCC	.5	0	Chicago, Illinois or Virtual Office
Marketing a QCC	.5	0	Chicago, Illinois or Virtual Office
Creating a Sales & Marketing Script	1	0	Chicago, Illinois or Virtual Office
Sales & Marketing Practicum (Script, Handling Diversions, Role Play)	3	0	Chicago, Illinois or Virtual Office
Marketing E-mail Campaign Touches	.5	0	Chicago, Illinois or Virtual Office
Sales & Marketing Call Role Plays	3	0	Chicago, Illinois or Virtual Office
Sales & Marketing Calls	36	0	Chicago, Illinois or Virtual Office
<b>Total Marketing</b>	<b>45</b>	<b>0</b>	Chicago, Illinois or Virtual Office
Matching	.5	0	Chicago, Illinois or Virtual Office

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE JOB TRAINING</b>	<b>LOCATION</b>
Managing the Placement Process	<b>2</b>	<b>0</b>	Chicago, Illinois or Virtual Office
CAPSX Software®	<b>8</b>	<b>0</b>	Chicago, Illinois or Virtual Office
<b>COMPREHENSIVE TOTAL</b>	<b>121.5</b>	<b>0</b>	Chicago, Illinois or Virtual Office

Jeannie Hobar, our Senior Director of Learning and Development, is the primary instructor responsible for training new franchisees. Ms. Hobar has more than 20 years of training experience in the executive placement industry, having trained over 600 new owners and 400 search consultants.

The Initial Training Program currently includes approximately 10 days of classroom training at our GRN headquarters in Chicago, Illinois or another location we designate, and approximately 10 days of virtual training (Virtual Office) while you are working from your designated Business Location. Classroom training will begin each day promptly at 8:00 A.M. and generally end by 5:00 P.M. Classroom training consists of an instructor-led program involving skill development in the areas of business development, recruiting in-demand talent, project management, planning, technology training, managing and team development. Our virtual training (video) program called the Virtual Office that we conduct remotely through Zoom.US, a web-based meeting platform, will take place after you begin working from the Business. Our tenured managers will present during a morning meeting on best practices in marketing, recruiting, and developing candidate and client relationships. On a daily basis, we will review your call activity and results and then plan for the calls to be made the next day. Virtual Office provides real-time coaching as you develop your Business and navigate through the GRN System, and is included in the GRN Bundle Fee you pay to us each month.

While space in each of our Initial Training Program sessions is necessarily limited, when you sign the Reservation Letter and pay us the nonrefundable Deposit, we will reserve a place for you in the Initial Training Program session which is scheduled to begin on the date set forth in your Reservation Letter. We conduct the Initial Training Program periodically as necessary.

We may occasionally permit a prospective franchisee to begin the Initial Training Program before signing the Franchise Agreement if our Initial Training Program is about to begin and it is impractical for the franchisee to sign the Franchise Agreement before the beginning of the Initial Training Program. If we permit you to begin the Initial Training Program before signing the Franchise Agreement, then you and we may sign the Training Agreement (Exhibit 6) before you attend the program.

The instructional material consists of the Manual, including all volumes and supplements. We may elect to provide this material either in electronic or print format.

You must complete the Initial Training Program to our reasonable satisfaction. If more than one person signs the Franchise Agreement as the “Franchisee,” then we will determine how many of these persons and which of these persons must complete the Initial Training Program to our reasonable satisfaction. If only one person signs the Franchise Agreement as the “Franchisee,” then that person will be the only Designated Trainee. We will identify your Designated Trainee(s) on Exhibit A to your Franchise Agreement. We provide the Initial Training Program for your Designated Trainee at no additional cost. You pay your attendees’ wages, transportation costs, lodging, meals, living and incidental expenses; however, we will pay the lodging costs (at the Union League Club only) incurred by 1 attendee during the classroom portion of the Initial Training Program. (Franchise Agreement, Section 7.03)

If you or a Designated Trainee fails to successfully complete the Initial Training Program to our reasonable satisfaction, the person who failed can re-enroll in our next scheduled Initial Training Program at no additional charge. We can terminate the Franchise Agreement if the person again fails to successfully complete the Initial Training Program to our reasonable satisfaction.

If you wish to designate other attendees to attend the Initial Training Program, and we agree to provide the Initial Training Program to these other attendees, we may charge a fee for training additional personnel. You must pay the wages of and all expenses your attendees incur in attending the Initial Training Program, including transportation costs, meals, lodging and other living expenses.

We pay no compensation for any incidental services your attendees perform during training. We can determine the length and subject-matter of our training programs and can train, based upon the availability of resources, any number of individuals from any number of GRN Businesses at the same time. (Franchise Agreement, Section 7.03)

### Obligations After Opening

During the operation of the Business, we will:

- (1) Require you to attend GRN's annual 2-day Global Workshop held at GRN's headquarters in Chicago, Illinois or at some other location of our choice. We may also provide other national seminars, regional meetings and/or field training sessions. The GRN Bundle Fee covers the registration fees for the Global Workshop and one regional meeting per year; we may charge separate registration or similar fees for seminars and/or field training sessions. Except for the annual Global Workshop, which you must attend, we will generally recommend attendance rather than making it mandatory. We reserve the right, however, to require attendance at any seminar, regional meeting and/or field training session by you and/or some or all of the Designated Trainees. You pay all your attendees' wages and expenses, i.e., transportation costs, meals, lodging, living, and incidental expenses. If you fail to attend more than one mandatory Global Workshop within a consecutive 3-year period, you are in default under the Franchise Agreement. However, you may cure such default by attending the next mandatory meeting that we offer to franchisees. (Franchise Agreement, Section 7.06) If you do not attend the next mandatory meeting we offer, your failure to attend will be grounds for immediate termination of the Franchise Agreement without any right to cure the default.
- (2) Examine reports of sales, marketing and financial data from your Business and offer the advice we consider necessary regarding promotions, business and operational procedures. (Franchise Agreement, Section 7.06)
- (3) Furnish you with those field support services we consider appropriate. We may provide these services on-site, off-site, by telephone or through other means. The GRN Bundle Fee covers our costs of the field support services we provide to you. (Franchise Agreement, Section 7.07)
- (4) Continue to approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 10 business days after receipt. If we do not respond in 10 business days, the material is approved. (Franchise Agreement, Section 10.02)

### Advertising Information

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

We do not require you to contribute to or otherwise participate in any advertising or marketing fund. However, franchisees that entered into earlier forms of franchise agreement contribute 0.5% of their monthly Net Receipts to the GRN Permanent Placement Brand Fund (the "Fund"). Although neither we nor our affiliates operate a GRN Business, we would contribute to the Fund on the same basis as those franchisees if we ever do. We administer the Fund and use the Fund primarily to subsidize costs for the

Global Workshop and other meetings and to defray costs for web site development, maintenance and support services. The monthly GRN Bundle Fee you will pay us under the Franchise Agreement covers these services. We must distribute an unaudited statement detailing Fund income and expenses for the fiscal year to all franchisees contributing to the Fund within 120 days after the end of the Fund's fiscal year. We will spend most contributions to the Fund between 12 and 18 months after contributions are made. If we spend more than the amount in the Fund in any fiscal year (in addition to any money we have to spend because we did not spend all the money in the Fund during the year before), then we can reimburse ourselves from the Fund during the next fiscal year for all excess expenditures during the preceding fiscal year. If we spend less than the total in the Fund during any fiscal year, we will spend the unused money during the next fiscal year. You will not benefit directly or proportionately from Fund expenditures.

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

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

#### Web Sites

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

We must host your web site, the costs of which we include in the GRN Bundle Fee you pay us each month. Your web site(s) must conform to our web site requirements, including (for example) those related to format, "look and feel," substantive content, privacy policies, technical performance and overall up-time.

We currently require no specific hardware, software or other elements of web equipment or connectivity, and you can currently buy them from any source that we approve. We will have the right to monitor your web site at all times.

Your Internet provider must be reputable, experienced and otherwise reasonably acceptable to us. We have the right to designate or to approve your Internet provider and/or the supplier that develops your web site(s). You must submit to us for our advance written approval any agreement you enter into with a third party for the development of your web site(s).

You must submit to us for approval before use your proposed HTML documents (and documents in any other hypertext markup language), including, for example, all proposed links, frames and metatags, and true and correct printouts of all web pages you propose to use in your web site. You may only use material which we have approved. We must have the right of approval because your web materials will include our Proprietary Marks and be inextricably linked with them. Your web site must conform to all our requirements for franchisee web sites. We may furnish you with materials for your web site, which you must adapt, localize and utilize, but we will be and at all times remain the sole owner of the copyrights for all material which appears on your web site. All material and information which appear on any web sites you maintain for the Business will constitute "Confidential Information" as defined in the Franchise Agreement.

You must provide all hyperlinks or other links that we require. You may not use any of the Proprietary Marks on the web site except as we expressly permit, and any use you make of the Proprietary Marks will be under license from us. You may not post any of our proprietary, confidential or copyrighted material or

information on your web site without first obtaining our permission. If you wish to modify your approved web site, all proposed modifications must also receive our advance written approval.

You may not post on your web site any material in which any third party has any direct or indirect ownership interest (including, for example, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You must incorporate any other information on your web site we require in the manner we dictate.

The requirement for our advance approval applies to all activities on the Internet or other computer communications network, except that you may maintain one or more e-mail addresses and may conduct individual e-mail communications without our advance written approval. You must obtain our advance approval if you propose to send advertising to multiple addressees via e-mail. You must sign the Conditional Assignment of Telephone Numbers and E-Mail Addresses (Exhibit G to the Franchise Agreement). This assignment automatically becomes effective upon termination or expiration without renewal of the Franchise Agreement. You may not use any of the Proprietary Marks (in whole or in part) as part of your e-mail address without our advance written approval. Any e-mail address which we permit you to use that contains any of the Proprietary Marks (in whole or in part) will be our intellectual property and will be considered assigned to us by virtue of your use.

You must provide links on your web site to any web sites we maintain, if we require this. You must incorporate on your web site any other information we require in the manner we dictate. All information and data gathered by use of your web site (for example, customer lists) will be our property.

You must obtain our advance written approval for each Internet domain name and home page address. We will be, and at all times remain, the sole owner of the domain name for your web site. We will arrange for the centralized registration of the domain name for each web site you wish to operate.

Any revenues (for example, revenues related to advertising) from any web site which you establish or maintain will be included in Gross Receipts for the purpose of calculating Continuing Royalties.

If we determine to list jobs on our web site or on any third-party web sites as part of a cooperative agreement, and you elect to submit or post jobs or candidates to any of these web sites, then you must give us all information we require, in the form that we require, to list your jobs or candidates.

Upon the expiration or termination of the Franchise Agreement, you must irrevocably assign and transfer to us (or to another franchisee or designee of ours) at your expense any and all interests you may have in all web sites and e-mail addresses you maintain relating to the Business. You must execute any documents and perform any other actions we require for assignment and transfer, and you must otherwise ensure that all rights in these web sites and e-mail addresses revert to us (or to another franchisee or designee of ours). Following the expiration or termination of the Franchise Agreement, you may not establish any web site using any similar or confusing domain names and/or e-mail addresses, you may not identify yourself on any web site as a former franchisee of ours, and you may not use the Proprietary Marks.

Under the terms of the Franchise Agreement, we warrant and represent that we have the authority to make available to you any web site we may make available to you and the authority to permit you to maintain any web site(s) you maintain relating to the Business. We disclaim all other warranties, express or implied, including the implied warranties of merchantability, of fitness or adequacy for any particular purpose or use, or of quality or productiveness or capacity, regarding any web site we may make available to you and/or any web site(s) you maintain relating to the Business. We will not be liable (whether in contract, warranty, tort, or otherwise) to you, third parties, or any other person claiming through or under you, for any damages or expenses, including any consequential damages, incidental damages, lost profits and/or lost business, arising out of or relating to the use of any web site we may make available to you or any web site(s) you maintain relating to the Business and/or of any inability of you or any other persons to access or utilize any such web site.

## Resource Center

Through a partnership between GRN and BBDP, the GRN Resource Center serves as a single point of access for GRN Businesses to an ongoing collection of training, research and consultation materials. The Resource Center is available 24/7 on-demand and is a repository of the following items:

- Presentation materials and audio/video recordings from 2004 to present of GRN Business conferences and national meetings
- Forms and agreement templates reviewed by GRN legal counsel
- GRN University training materials
- Archive of articles on various recruiting topics
- Archive of various newsletters
- CAPSX Software® Quick Reference Guides and on-demand training videos

We include access to the GRN Resource Center in the monthly GRN Bundle Fee.

## Computer System

As stated earlier, we will provide you with a computer hardware and software system, consisting of 1 business computer, 2 monitors, 1 webcam, 1 speaker pair, 1 external HD, and a single user version of third-party software, LaserJet printer, All-In-One printer, 1 VoIP Hardware Phone with 1 wireless headset, and certain other computer-related accessories or peripheral equipment that we then specify for our franchisees. We provide you the computer hardware and software system at no cost. The brand of computer we currently provide is Hewlett Packard/Compaq ("HP"). We reserve the right to provide components from other manufacturers and other comparable brands when approved.

The computer system's principal functions are to operate the search software, word-processing, office administration, Internet and Intranet access, and e-mail functions for communications with us, other offices, clients, and candidates.

We have selected CAPSX Software® and the menu of other GRN Software Programs to be our recruiting software. We may select and approve additional or alternative software in the future. We will provide you with a single user license of CAPSX Software®, including GRN Exchange Software, GRN Chat, GRN Candidate Creator, GRN Data Loader, GRN Universal Importer, Outlook Integration, GRN Dashboard and access to our video conferencing network, all of which is included in the GRN Bundle Fee. At the start of your first year of operation as a GRN franchisee, you must sign a CAPSX Software® license agreement with BBDP under which BBDP will license you the CAPSX Software® free of charge. This software was designed to reflect the way in which we will teach you to do business. It will allow you to match your clients' needs with your candidates' qualifications. It will help you plan your daily activities. It will also provide reports that will help you to manage your Business. It will enable you to use third party databases of potential candidates and clients and to participate in GRN's shared databases of companies and candidates. When the franchise term ends, your license for CAPSX Software®, the GRN Exchange Software and the menu of other GRN Software Programs and related services and products immediately terminates, and you must return all software and copies to us.

CAPSX Software® and the menu of other GRN Software Programs are developed by BBDP for the GRN System. The operating system for CAPSX Software® is Windows. The BBDP servers will have the Windows server operating system and the client computers will run on Windows. They will utilize other Microsoft products, such as the SQL Server database program and Microsoft Office Suite (Standard Version), which includes Word, Excel, PowerPoint, Outlook and Internet Explorer. These are all products of Microsoft Corporation. Depending on when you open your Business, we may provide later versions of these Windows products. The antivirus software is AVG.

We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates. HP provides one year of on-site support for its computers, followed by 2 years of parts and labor for computers shipped to repair depots, at your expense.

Revisions to CAPSX Software®, the GRN Exchange Software, or to third-party software may result in your being required to purchase revisions or third-party software. BB DP and the vendors of the third-party software will determine their charges. There is no contractual limitation on the frequency or cost of this obligation. (Franchise Agreement, Section 8.09) We will also provide you with access to our video conferencing network.

We will also provide you with access to the ZoomInfo database (or similar database, as we designate) of companies. This database consists of information on over 300,000 U.S. companies, with over 1,200,000 contacts.

CAPSX Software® has been designed to provide you security controls over access to information and data resident on your system. However, there are no contractual limitations on our right to access the information and data on your system, and we will have administrative access to all software programs on your computer system, as this information and data is stored on our servers.

BB DP or one of its contractors will deliver the equipment to you at your Business Location.

#### Time to Open

You must begin operating your Business within 30 days after the later of: (a) your completing the Initial Training Program, or (b) your obtaining any and all licenses required for the operation of the Business. We estimate that it will be 30 to 60 days after you sign the Franchise Agreement (and 60 to 90 days after you sign the Reservation Letter) before you begin operating your Business. Factors affecting time include attendance at and satisfactory completion of our Initial Training Program, obtaining all necessary licenses and permits, complying with local ordinances and completing delivery and installation of equipment and supplies.

### **Item 12** **TERRITORY**

You must operate the Business at a specific site that we first must accept (the “Business Location”). (We do not “approve” GRN Business locations; we “accept” them.) We will identify your Business Location in the Reservation Letter that we provide to you. We anticipate that your Business Location will be a private dwelling or residence, and we do not require you to lease space in a Commercial Premises for your Business Location.

You may not relocate your Business Location without our advance written approval. We will grant approval if you are in compliance with the Franchise Agreement, you have paid all money you owe us in a timely manner, and the new Business Location is not located within any exclusive territory previously granted to another franchisee in the GRN System. You must pay us any costs associated with the services we provide relating to the relocation of your Business Location.

Under the Franchise Agreement, you will not receive any minimum exclusive or protected territory around the Business Location or any other territorial rights. Your rights under the Franchise Agreement are non-exclusive in all respects. We (and any affiliates that we might have periodically) will have the right during and after the franchise term without any restrictions to engage (directly or through franchisees or other representatives) in any and all activities that we or they desire and consider appropriate, at any time and place, whether or not using the Proprietary Marks or any aspect of the GRN System, whether or not those activities compete with the Business, and whether or not we or our affiliates start those activities or purchase, merge with, acquire, or affiliate with businesses that already engage in such activities. These activities include the use of other channels of distribution, such as the internet, catalog sales, telemarketing, and other direct marketing, to make sales around the Business Location using the



Proprietary Marks or other trademarks. We need not compensate you if we engage in these activities. 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.

Your Business, and all other GRN Businesses, may solicit clients, solicit applicants, and make job placements with employers and clients located anywhere and advertise their services anywhere. You may use any means of soliciting clients and applicants for professional placement services and the like (for example, the Internet) as long as those activities comply with our standards and specifications.

Although we have the right to do so (as noted above), we have not established and do not intend to establish company-owned businesses or company-owned franchises offering similar services under another name anywhere in the United States, except as to our purchase, merger and/or acquisition of an existing permanent placement business(es), or if we are acquired. You have no options, rights of first refusal or similar rights to acquire additional franchises.

### **Item 13** **TRADEMARKS**

The franchise agreement licenses you the right to use the trademark and service mark GLOBAL RECRUITERS NETWORK® and certain other Proprietary Marks in operating the Business. We have registered the following principal Proprietary Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

<b>Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
GLOBAL RECRUITERS NETWORK	5,020,503	August 16, 2016
 GLOBAL RECRUITERS NETWORK	5,473,555	May 22, 2018
 GLOBAL RECRUITERS NETWORK	3,371,372	January 22, 2008
PLANNER CENTRIC SOLUTIONS	2,535,421	February 5, 2002
PEOPLE CREATE PERFORMANCE— PERFORMANCE CREATES PROFIT	2,449,060	May 8, 2001
THE LEADER IN PROFESSIONAL TRANSITION	5,744,454	May 7, 2019



All required affidavits of use and renewals have been filed or will be filed when due if the principal Proprietary Mark remains relevant to the franchise program.

We also use the trademarks “CONSULTING AND PLACEMENT SOLUTIONS—CAPSX™” and “GRNmatch™” in our franchise program. We do not have federal registrations for those 2 marks at this time. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses. The following information concerns the principal service mark which we will license to you.

There are presently no effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving any of the above-referenced Proprietary Marks which is relevant to your use. No agreement limits our right to use or license the use of the Proprietary Marks in a manner material to the franchise.

You must use the Proprietary Marks as we specify, including giving proper notices of trademark and service mark registration (when applicable) and obtaining fictitious or assumed name registrations required by law. For information and further updates as to the use of the service mark, please see the Manual. If you breach these provisions, we can terminate the Franchise Agreement immediately without an opportunity to cure.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Proprietary Marks. You may not settle or compromise any of these claims without our previous written consent. We will have the right to defend and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. Under the Franchise Agreement, you irrevocably grant us authority to defend or settle these claims. You may participate at your own expense, but our decisions with regard to the defense or settlement will be final. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

If you learn that any third party whom you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you must promptly notify us. We will determine whether or not we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

You must comply with any instruction by us to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Proprietary Marks. If this happens, we will reimburse you for your documented expenses of complying (such as changing signs, stationery, etc.). You waive any other claim for changes and substitutions. Except for reimbursing your documented expenses of complying, we will not be liable to you for any resulting expenses. You promise in the Franchise Agreement not to start or join any proceeding against us for any resulting expenses. We do not actually know of either superior prior rights to or infringing uses of the Proprietary Marks that could materially affect your use of the Proprietary Marks. However, other trademarks that incorporate one or more common terms, such as “Global” or “Recruiters,” might be in use in one or more markets before we enter those markets and perhaps impede our entry into a market with franchisees. We will notify you if we know of any use of another similar trademark that might affect your operations in your market.

**Item 14**  
**PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

**Copyrights**

We hold no patents or patent applications. We claim copyrights on certain software, forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in the Manual and other training materials, whether in print or electronic format. No copyright is yet registered with the United States Copyright Office. There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the United States Copyright Office or any court pertaining to or affecting any of our copyrights discussed above. Finally, as of this disclosure document's issuance date, we are unaware of any infringing uses of or superior prior rights to any of our copyrights which could materially affect your use of them in this state or in the state in which the Business will be located. Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13 of this disclosure document.

**Confidential Information**

You may never, directly or indirectly, during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated, reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. The following people must sign our Confidentiality/Non-Competition Agreement (Exhibit H to the Franchise Agreement):

- Before employment or any promotion, all of your managerial employees (if any).
- If the Franchise Agreement has been assigned to a corporation, limited liability company or other legal entity, all your officers, directors, and shareholders or members, and those of any entity directly or indirectly controlling you (when they assume this status).
- All of the persons enumerated in the covenants not to compete in the Franchise Agreement as intended to be included.

In addition, you must irrevocably license to us all services, programs, intellectual property, data, client information, candidate information, products and/or equipment you develop for the Business. We will not be liable to you in any way because of this license.

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

You must participate personally in the direct operation of the Business. You must devote the necessary time and your best efforts for the proper and effective operation of the Business.

You must sign the Franchise Agreement as an individual, but you may then assign the franchise to a legal entity you form for this purpose if you meet our requirements. You will always remain personally responsible, including by signing a personal guaranty.

The persons described in Item 14 must execute our confidentiality/non-competition agreement in the form presented (Exhibit H to the Franchise Agreement) and keep our confidential or proprietary information confidential.

You may engage search consultants, search assistants, and researchers to perform services for your Business from the Business Location or other offices they maintain. If you do so, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned,

discipline, adjustments of grievances and complaints, and working conditions. Under no circumstances will your employees be considered our employees.

## **Item 16**

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

You must operate the Business in strict compliance with the methods, standards, and specifications that we require in our Manual or otherwise and with all applicable federal, state and local laws, ordinances, and regulations. You must obtain all certificates and licenses required to operate the Business. Several states require licenses or permits for the operation of a permanent placement service.

Your Business will be subject to the provisions of federal, state and local equal opportunity laws applicable to personnel services. These laws generally prohibit discrimination in all aspects of the Business.

You must advertise for, screen, test, interview, instruct, and refer applicants for employment in compliance with all applicable laws and regulations, in compliance with the GRN operating standards and procedures, and without regard to age, race, color, religion, sex, national origin or any other classification prohibited by law.

You may not accept any order, assignment or request for a personnel assignment or placement, where the order, assignment or request is subject to or conditioned upon race, creed, color, religion, age, sexual preference or orientation, sex, national origin, physical or mental handicap, ancestry, marital status, veteran status, liability for service in the Armed Forces of the United States, or in violation of any federal, state, local or municipal laws concerning employment discrimination. You agree not to refer, or to refuse to refer, any job applicant on any such basis.

You must continuously operate the Business on the days and during the minimum hours that we require, and you may establish hours of operation in addition to the required minimum hours. We currently require your Business to be open on all business days except for legal or religious holidays customarily recognized in the state and city in which your Business Location is located.

You may not offer or sell, directly or indirectly, any service, product or program which is not a part of the GRN System or which we delete from the System. You also may not offer or sell, directly or indirectly, any service, product or program to any other GRN franchisee which we do not expressly approve of in advance in writing. You may not operate a temporary placement business. You may not use the GRN name or the Proprietary Marks for the benefit of any business other than your Business. You may not conduct (or permit anyone else to conduct) any business other than the Business contemplated by the Franchise Agreement at or from the Business Location without first obtaining our written consent.

To enhance our System's competitiveness, enable competitive and system-wide price point advertising, and benefit clients, we may, at our sole option, periodically and to the extent allowed by applicable law, regulate your Business's minimum, maximum, or other prices, fees, and rates for the resale of the services offered and sold by your Business. You agree to adhere to any such price, fee, and rate requirement we impose.

There are no other restrictions, territorial or otherwise, on the candidates for employment to whom you may offer services under the Franchise Agreement. Except as described above, you are not restricted by the Franchise Agreement or any other practice or custom with respect to the services you may offer or with respect to the customers you may solicit.

#### **Modifications to the GRN System**

We may change the components of the GRN System and the requirements applicable to the System. We may designate some modifications, additions, deletions, substitutions and alterations to the System as optional (the "Optional Modifications"). You need not adopt Optional Modifications until you renew or

assign the Franchise Agreement, but we encourage you to do so when you receive notice of them from us. We will designate other modifications, additions, deletions, substitutions and alterations to the System as required (the “Mandatory Modifications”). You must comply with any Mandatory Modifications within the timeframe we specify.

When you renew the Franchise Agreement, you must comply with all Optional Modifications which we adopted but you did not choose to implement and if you transfer your franchise, the transferee must comply with all Optional Modifications which we adopted but you did not choose to implement.

We will not be liable to you for any expenses, losses or damages you sustain as a result of any Mandatory or Optional Modifications (except to the limited extent specifically described in Item 13 if we require any discontinuation and/or substitution of Proprietary Marks). Under the terms of the Franchise Agreement, you promise not to commence or join in any litigation or other proceeding against us or any third party complaining of any modifications or seeking expenses, losses or damages caused by modifications. You also expressly waive any claims, demands or damages arising from or related to Mandatory or Optional Modifications, including, for example, any claim of breach of contract, breach of fiduciary duty, fraud and/or breach of the implied covenant of good faith and fair dealing.

### **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 or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	4.01 of Franchise Agreement (and 7(a) of CAPSX Software® License Agreement and 2 of Training Agreement)	10 years under the Franchise Agreement.  CAPSX Software® License Agreement is perpetual until expiration or termination of the Franchise Agreement. Training Agreement expires when you complete training or decide not to sign Franchise Agreement and then withdraw from the Initial Training Program.
b. Renewal or extension of the term	4.02 - 4.05 of Franchise Agreement	You can renew for additional consecutive terms of a mutually-agreed length, but which in no event will be less than 10 years each, if we continue to maintain a franchise program for GRN Businesses and you (a) notify us between 180 and 240 days before expiration; (b) follow required notice procedures; (c) comply with the Franchise Agreement and Manual and did not receive 2 or more notices of default within 2 years of the expiration date; and (d) satisfy all monetary obligations to us and met these obligations on time throughout the initial term.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	4.03 of Franchise Agreement	<ul style="list-style-type: none"> <li>a. Update your operational methods and systems.</li> <li>b. Sign renewal franchise agreement. The terms of the renewal agreement may be materially different from the terms of the Franchise Agreement.</li> <li>c. Sign a general release (subject to state law).</li> <li>d. Pay any renewal fee we charge – renewal fee may be up to \$5,000.</li> </ul>
d. Termination by franchisee	17.02(3), 17.04, and 21.01 of Franchise Agreement (and 7(b) of CAPSX Software® License Agreement and 7A of Training Agreement)	<ul style="list-style-type: none"> <li>a. If you are unable to obtain all governmental licenses required for you to lawfully open and operate the Business by the scheduled opening date, you and we each have the right to terminate the Franchise Agreement on notice to the other (subject to state law).</li> <li>b. You may terminate the Franchise Agreement if we breach the Agreement and do not cure default after notice from you (subject to state law).</li> <li>c. You may terminate the Franchise Agreement if you and we agree in writing (subject to state law).</li> <li>d. If the Franchise Agreement is terminated, the CAPSX Software® License Agreement will terminate. You may terminate the Training Agreement upon written notice if you decide not to sign the Franchise Agreement (subject to state law).</li> </ul>
e. Termination by franchisor without cause	Not Applicable	We do not have this right.
f. Termination by franchisor with cause	17 of Franchise Agreement (and 7(b) of CAPSX Software® License Agreement and 7A of Training Agreement)	<p>We may terminate only if you default. The Franchise Agreement describes defaults throughout – please read it carefully. (See subparagraphs (g) and (h) below)</p> <p>The CAPSX Software® License Agreement may be terminated if you materially breach and do not cure the breach within 30 days. We may terminate the Training Agreement upon written notice if we decide not to sign the Franchise Agreement.</p>

Provision	Section in franchise or other agreement	Summary
g. "Cause" defined — curable defaults	17.03 of Franchise Agreement	You have 72 hours to cure defaults impairing goodwill of Proprietary Marks, 10 days to cure non-compliance with law, and 30 days to cure other defaults not specified in (h) below.
h. "Cause" defined — non-curable defaults	17.01 and 17.02 of Franchise Agreement	Automatic, without notice upon bankruptcy, insolvency, receivership, dissolution or levy. On notice to you for failure to begin operating Business within required time; abandonment; material misrepresentation; mutual agreement to terminate; conviction of felony; threat to public safety; unauthorized transfer; misuse of confidential information; violate covenant not to compete; failure to complete training; failure to attend next scheduled Global Workshop after 2nd failure to attend such meeting within 3-year consecutive period; failure to maintain required financial records; understating Gross Receipts; misuse of funds; failure to pay Continuing Royalties or other amounts due; repeated defaults; failure to keep trade accounts current; misuse of Proprietary Marks; refusal to honor Exchange Arbitration decision; offer or sale of unauthorized programs; refusal to allow inspection or audits; interference with contract relations; and failure to maintain insurance.
i. Franchisee's obligations on termination/non-renewal	18 of Franchise Agreement (and 17(d) of CAPSX Software® License Agreement and 8 of Training Agreement)	Pay all amounts due; de-identify; stop using confidential information; comply with covenant not to compete; and stop all contacts with clients and candidates.
j. Assignment of contract by franchisor	14.01 of Franchise Agreement (and 9(c) of CAPSX Software® License Agreement)	<p>We can assign the Franchise Agreement if assignee is financially responsible and economically capable of performing our obligations under the Franchise Agreement and agrees to perform these obligations. We may sell our assets, Proprietary Marks, or System, go public, etc. (see Franchise Agreement).</p> <p>Licensor may assign the CAPSX Software® License Agreement without your consent to an affiliate or as part of its sale of its assets.</p>

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
k. "Transfer" by franchisee – defined	14.02 of Franchise Agreement (and 9(c) of CAPSX Software® License Agreement)	The transfer or redemption of more than 10% of interest in the franchise to any person or entity who is not already a person who signed the Franchise Agreement as franchisee or the spouse of such a person. The transfer or redemption of more than 10% of the stock or voting power of a corporate franchisee to any person not already a shareholder or the spouse of a shareholder (see Franchise Agreement). You must immediately report to us all transfers of ownership, even if less than 10%.
l. Franchisor approval of transfer by franchisee	14.02 and 14.03 of Franchise Agreement (and 9(c) of CAPSX Software® License Agreement and 6 of Training Agreement)	No transfer without our consent except as provided in the Franchise Agreement (for example, transfer to a corporation or limited liability company you form for convenience under Section 14.03).  You may not assign the CAPSX Software® License Agreement without licensor's prior written consent. You may not assign the Training Agreement.
m. Conditions for franchisor approval of transfer	14.04 of Franchise Agreement	Comply with our right of first refusal; transferee qualifies; transferee completes training; pay all amounts due; transferee signs new franchise agreement; release signed (subject to state law); transfer fee paid; transfer terms approved; and transferee complies with then current standards.
n. Franchisor's right of first refusal to acquire franchisee's business	14.06 of Franchise Agreement	We can match any offer for your Business. You must accept our offer if we match your other offer.
o. Franchisor's option to purchase franchisee's business	Not Applicable	We do not have this right.
p. Death or disability of franchisee	14.05 of Franchise Agreement (and 5 of Training Agreement)	On your death or disability, your rights pass to your "Estate." Your Estate may continue operating the Business if it provides an acceptable business manager. This business manager must successfully complete our next Initial Training Program and assume full-time operation of the franchise within 2 months of your death or disability. From the date of your death or disability until a business manager assumes full-time control, we can operate your Business but need not do so.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	13.01 of Franchise Agreement (and 5 of Training Agreement)	No involvement in competing business anywhere (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	13.01 of Franchise Agreement (and 5 of Training Agreement)	Subject to state law, no competing business for 1 year in Illinois, Florida, South Carolina and Texas; and 2 years from your Business Location, the geographic area within a 100-mile radius from your former Business Location, and the geographic area within a 100-mile radius from any GRN Business location or the perimeter of (or within) any then-existing GRN Business's territory. (Restrictions apply for 1 year after Training Agreement ends.)
s. Modification of the agreement	26.01 and 26.02 of Franchise Agreement (and 10E of Training Agreement)	No oral modifications generally, but we may change the Manual.
t. Integration/merger clause	26.01 of Franchise Agreement	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	24.01 of Franchise Agreement (and 9(f) of CAPSX Software® License Agreement)	Arbitration at the offices of the American Arbitration Association in DuPage County, Illinois or at the offices closest to us, at our option (subject to state franchise law).
v. Choice of forum	29.04 of Franchise Agreement (and 10A of Training Agreement)	Arbitration and litigation must be in DuPage County, Illinois or the county where our principal office is located, if outside the State of Illinois (subject to state franchise law).
w. Choice of law	29.03 of Franchise Agreement (and 9(c) of CAPSX Software® License Agreement and 10A of Training Agreement)	Illinois law applies, without regard to its conflicts laws (subject to state franchise law).

## **Item 18** **PUBLIC FIGURES**

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

## **Item 19** **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for



the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Bradford Baiocchi, 200 S. Wacker Drive, Suite 1300, Chicago, Illinois 60606, (866) 476-8200, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **Item 20**

### **OUTLETS AND FRANCHISEE INFORMATION**

All year-end numbers appearing in the tables below are as of December 31 in each year.

Table No. 1

#### **Systemwide Outlet Summary For years 2022 to 2024**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	203	187	-16
	2023	187	180	-7
	2024	180	181	+1
Company- Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	203	187	-16
	2023	187	180	-7
	2024	180	181	+1

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2022 to 2024**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3

**Status of Franchised Outlets  
For years 2022 to 2024**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Arizona	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1(B)	2
Arkansas	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
California	2022	6	1	2	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Colorado	2022	7	2	1	0	0	0	8
	2023	8	1	2	0	0	0	7
	2024	7	0	0	0	0	0	7
Connecticut	2022	3	0	0	0	0	1(B)	2
	2023	2	0	0	0	0	0	2
	2024	2	1	1	0	0	0	2
Delaware	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	21	1 1(A)	3	0	0	0	20
	2023	20	0	3	0	0	0	17
	2024	17	1(A)	0	0	0	0	18
Georgia	2022	8	1	0	0	0	0	9
	2023	9	0	2	0	0	0	7
	2024	7	0	0	0	0	0	7
Idaho	2022	0	1	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Illinois	2022	19	0	3	0	0	0	16
	2023	16	3	5	0	0	0	14
	2024	14	0	0	0	0	0	14
Indiana	2022	11	1	1	0	0	0	11
	2023	11	1	1	0	0	0	11
	2024	11	1	0	0	0	0	12
Iowa	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kansas	2022	7	0	1	0	0	0	6
	2023	6	0	1	0	0	0	5
	2024	5	0	0	0	0	0	5

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Massachusetts	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Michigan	2022	7	0	1	1	0	0	5
	2023	5	2	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Minnesota	2022	5	1	1	0	0	0	5
	2023	5	0	2	0	0	0	3
	2024	3	1	0	0	0	0	4
Mississippi	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1(A)	0	0	0	0	2
Montana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nevada	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Hampshire	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
New Mexico	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New York	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
North Carolina	2022	7	0	2	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
Ohio	2022	8	0	1	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Pennsylvania	2022	3	2	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	1	0	0	0	4
South Carolina	2022	13	0	3	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	0	1	0	0	0	9
South Dakota	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Tennessee	2022	6	1	1	0	0	0	6
	2023	6	0	1	0	0	0	5
	2024	5	2 1(A)	1	0	0	0	7
Texas	2022	27	2	3	0	0	0	26
	2023	26	2	1	0	0	0	27
	2024	27	1	1	0	0	1(B)	26

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Utah	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Virginia	2022	4	0	1	0	0	0	3
	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	1(B)	1
Washington	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Wisconsin	2022	8	0	0	0	0	0	8
	2023	8	1	0	0	0	0	9
	2024	9	0	2	0	0	0	7
Totals (U.S. Only)	2022	201	14 1(A)	29	1	0	1(B)	185
	2023	185	12	19	0	0	0	178
	2024	178	8 3(A)	7	0	0	3(B)	179
Canada	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Totals (U.S. and International)	2022	203	14 1(A)	29	1	0	1(B)	187
	2023	187	12	19	0	0	0	180
	2024	180	8 3(A)	7	0	0	3(A)	181

(A) These figures include franchisees who relocated their GRN Offices from another state.

(B) These figures include franchisees who relocated their GRN Offices to another state.

Table No. 4

**Status of Company-Owned Outlets  
For years 2022 to 2024**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
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
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5

**Projected Openings As Of December 31, 2024**

Column 1	Column 2	Column 3	Column 4
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 Fiscal Year
Florida	0	2	0
Georgia	0	2	0
Indiana	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
North Carolina	0	2	0
South Carolina	0	1	0
Tennessee	0	2	0
Texas	0	3	0
Total	0	15	0

Exhibit 8 is a list of all our franchisees and the addresses and telephone numbers of their GRN Businesses. Exhibit 8 also contains a list of the names, city and state, and current business telephone numbers (or, if unknown, the last known home telephone numbers) of the franchisees in the United States who had their GRN Businesses terminated, cancelled, not renewed, or transferred, or otherwise

voluntarily or involuntarily ceased to do business under our Franchise Agreement from January 1, 2024 to December 31, 2024 or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the GRN System. Franchisees have signed confidentiality clauses during our last 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences with the franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The following independent franchisee organization has asked to be included in this disclosure document: Independent Association of Global Recruiters Network® Franchisees (IAGRNF), 276 Hazard Avenue, Suite 11, Enfield, Connecticut 06082, (619) 209-3775, [IAGRNF@aafdchapters.org](mailto:IAGRNF@aafdchapters.org).

## **Item 21**

### **FINANCIAL STATEMENTS**

Exhibit 2 contains our audited financial statements for our fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022. Exhibit 2 also contains our unaudited financial statements for the period ended February 28, 2025.

## **Item 22**

### **CONTRACTS**

Our Franchise Agreement (and all Exhibits) is Exhibit 1, the Reservation Letter is Exhibit 5, the Training Agreement is Exhibit 6, the State Riders to the Franchise Agreement are in Exhibit 7, and the General Release is Exhibit 9.

## **Item 23**

### **RECEIPTS**

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.



**EXHIBIT 1**

**FRANCHISE AGREEMENT**

**GLOBAL RECRUITERS NETWORK, INC.**  
**PERMANENT PLACEMENT**  
**FRANCHISE AGREEMENT**



GLOBAL  
RECRUITERS  
NETWORK®

200 S. Wacker Drive  
Suite 1300  
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## TABLE OF CONTENTS

	Page
1. INTRODUCTION .....	1
1.01 The GRN Businesses and System .....	1
1.02 The Proprietary Marks .....	1
1.03 The Franchise .....	2
2. GRANT OF FRANCHISE AND LICENSE .....	2
2.01 Grant of Franchise .....	2
2.02 Grant of License to Proprietary Marks .....	2
3. NO TERRITORIAL RIGHTS .....	2
3.01 No Exclusivity .....	2
4. TERM AND RENEWAL .....	2
4.01 Initial Term .....	2
4.02 Renewal Term .....	2
4.03 Conditions to Renewal .....	3
4.04 Form and Manner of Renewal .....	3
4.05 Notice of Expiration .....	4
5. PAYMENTS TO FRANCHISOR .....	4
5.01 Deposit; Initial Franchise Fee .....	4
5.02 Continuing Royalty .....	5
5.03 Definition of Gross Receipts and Net Receipts .....	5
5.04 GRN Bundle Fee .....	6
5.05 Reporting, Client Invoicing and Payment .....	6
5.06 Commencement of Payments .....	7
5.07 Payments to Us .....	7
5.08 Late Charge and Interest .....	8
5.09 Application of Funds .....	8
5.10 You May Not Withhold .....	8
6. BUSINESS LOCATION AND RELOCATION .....	8
6.01 Business Location .....	8
6.02 Government Licenses, Approvals and Consents .....	9
6.03 Relocation of Your Business Location .....	9
7. DUTIES OF FRANCHISOR .....	9
7.01 Confidential Operating Manual .....	9
7.02 Pre-Training Assistance and Consultation .....	10
7.03 Initial Training Program .....	10
7.04 Start-Up Materials and Forms; Computer Hardware and Software .....	11

7.05	GRN Exchange .....	11
7.06	On-Going Assistance .....	11
7.07	Field Support Services .....	12
7.08	Optional Materials and Services Which We May Offer .....	12
7.09	Pricing.....	12
7.10	Nature of Obligations.....	13
8.	DUTIES OF FRANCHISEE .....	13
8.01	Commencement of Operations.....	13
8.02	Manner of Operation .....	13
8.03	Modifications to the GRN System.....	14
8.04	Compliance with Laws, Rules and Regulations; Non-Discrimination; Equal Opportunity Employment.....	14
8.05	Your Participation in the Operation of the Business.....	15
8.06	Staffing.....	15
8.07	Maintenance and Repair .....	15
8.08	Requirements Concerning Services and Products .....	16
8.09	Computer System .....	17
8.10	Web Sites.....	19
8.11	Sales, Barter and Exchange.....	21
8.12	Indemnification .....	21
8.13	Inspection and Operational Audit.....	23
8.14	Services, Programs, Intellectual Property, Data, Products and Equipment You Develop .....	23
8.15	Trade Accounts .....	24
8.16	No Statements by You .....	24
8.17	Hours of Operation.....	24
8.18	Bookkeeping and Accounting .....	24
8.19	Submission of Non-Financial Reports .....	24
8.20	Variance of Standards and Terms.....	24
9.	INSURANCE .....	25
9.01	Required Insurance Coverage.....	25
9.02	No Undertaking or Representation .....	26
9.03	Certificates of Insurance.....	26
9.04	Notice of Claims and Demands .....	26
9.05	Failure to Purchase Insurance.....	26
10.	ADVERTISING .....	26
10.01	Advertising Standards .....	26

10.02	Submission of Proposed Advertising .....	27
10.03	Telephones .....	27
11.	RECORDS, AUDITS AND REPORTING REQUIREMENTS .....	27
11.01	Financial Statements .....	27
11.02	Financial Records and Audit .....	28
12.	CONFIDENTIAL INFORMATION .....	29
12.01	Restriction on Your Use of Our Confidential Information .....	29
13.	COVENANTS NOT TO COMPETE .....	30
13.01	Covenants Not to Compete .....	30
13.02	Lesser Included Covenants Enforceable At Law .....	32
13.03	Enforcement of Covenants Not To Compete .....	32
13.04	Procurement of Additional Covenants .....	32
13.05	Your Enforcement of Confidentiality/Non-Competition Agreements .....	32
14.	ASSIGNMENT; RIGHT OF FIRST REFUSAL .....	33
14.01	Assignment By Us .....	33
14.02	Assignment By You – General .....	33
14.03	Assignment By You – To A Corporation or Limited Liability Company You Form 34	
14.04	Assignment By You – Sale To Third Party .....	36
14.05	Assignment By You – Transfer Upon Death or Disability .....	38
14.06	Right of First Refusal .....	39
14.07	No Encumbrance .....	40
15.	PROPRIETARY MARKS .....	40
15.01	Your Non-Ownership of Proprietary Marks .....	40
15.02	Acts in Derogation of the Proprietary Marks .....	40
15.03	Use and Display of Proprietary Marks .....	41
15.04	Non-Use of Trade Name .....	41
15.05	Required Means of GRN Identification .....	42
15.06	Our Defense of Proprietary Marks and Copyrights .....	42
15.07	Prosecution of Infringers .....	42
15.08	Discontinuance or Substitution of Proprietary Marks .....	42
16.	RELATIONSHIP OF THE PARTIES .....	43
16.01	Independent Contractor .....	43
17.	DEFAULT AND TERMINATION .....	43
17.01	Termination By Us – Automatic Termination Without Notice .....	43
17.02	Termination By Us Upon Notice – No Opportunity To Cure .....	44
17.03	Termination by Us – Thirty Days to Cure .....	46

17.04	Your Failure to Pay .....	47
17.05	Cross Default .....	47
17.06	Notice Required By Law.....	47
18.	FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION.....	48
18.01	Further Obligations and Rights on Termination or Expiration.....	48
18.02	No Prejudice .....	50
19.	UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE) .....	50
19.01	Unavoidable Delay or Failure to Perform (Force Majeure).....	50
20.	WAIVER AND DELAY .....	51
20.01	Waiver and Delay .....	51
21.	NOTICE OF OUR ALLEGED BREACH .....	51
21.01	Notice of Our Alleged Breach .....	51
22.	OUR RIGHT TO CURE DEFAULTS .....	52
22.01	Our Right To Cure Defaults .....	52
23.	OUR WITHHOLDING OF CONSENT – YOUR EXCLUSIVE REMEDY .....	52
23.01	Our Withholding of Consent – Your Exclusive Remedy .....	52
24.	DISPUTE RESOLUTION .....	52
24.01	Dispute Resolution .....	52
24.02	Dispute as to Payment of Fees .....	53
25.	INJUNCTION.....	53
25.01	Injunction.....	53
26.	INTEGRATION OF AGREEMENT .....	53
26.01	Integration of Agreement.....	53
26.02	No Oral Modification.....	54
27.	NOTICES.....	54
27.01	Notices.....	54
28.	MISCELLANEOUS .....	54
28.01	Execution, Construction and Interpretation; Further Acts.....	54
28.02	Severability .....	55
28.03	Rights of Parties are Cumulative .....	55
29.	COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; VENUE .....	55
29.01	Costs of Enforcement.....	55
29.02	Attorneys' Fees .....	55
29.03	Governing Law .....	56
29.04	Venue .....	56
29.05	Punitive Damages.....	56

30.	LIABILITY OF “FRANCHISEE”; GUARANTEE .....	56
	30.01 Liability of “Franchisee”; Guarantee.....	56
31.	SURVIVAL.....	57
	31.01 Survival .....	57
32.	YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS .....	57
	32.01 Your Acknowledgments.....	57
33.	SUBMISSION OF AGREEMENT .....	59
	33.01 Submission of Agreement .....	59
34.	NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES .....	59
	34.01 No Waiver or Disclaimer of Reliance in Certain States .....	59

## **EXHIBITS**

**A FRANCHISED BUSINESS LOCATION; DESIGNATED TRAINEES**

**B PROPRIETARY MARKS**

**C PROMISSORY NOTE**

**D GRN EXCHANGE PROGRAM AGREEMENT**

**E COMPUTER HARDWARE AND SOFTWARE**

**F CAPSX SOFTWARE® LICENSE AGREEMENT**

**G CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND E-MAIL ADDRESSES**

**H CONFIDENTIALITY/NON-COMPETITION AGREEMENT**

**I GUARANTEE**

**J REPORTING, INVOICING AND PAYMENT PROGRAM AND AUTHORIZATION AGREEMENTS**

## **GLOBAL RECRUITERS NETWORK, INC.**

### **PERMANENT PLACEMENT FRANCHISE AGREEMENT**

**THIS PERMANENT PLACEMENT FRANCHISE AGREEMENT** (the "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between **GLOBAL RECRUITERS NETWORK, INC.**, a Delaware corporation with its principal office at 200 S. Wacker Drive, Suite 1300, Chicago, IL 60606 ("we," "us," "our," "GRN," "Franchisor" or "the Company") and \_\_\_\_\_

\_\_\_\_\_ whose principal address is \_\_\_\_\_  
\_\_\_\_\_"(you," "your" or "Franchisee").

## **1. INTRODUCTION**

### **1.01 The GRN Businesses and System**

As a result of the expenditure of time, skill, effort and money, we have developed a proprietary system for developing, opening and conducting businesses ("GRN Businesses") offering efficient, high quality, and professional permanent placement services, related services and products (the "GRN System" or the "System"). A GRN Business is located at any and all locations or offices where revenue is generated by the franchisee.

The GRN System includes (without limitation) standardized systems and techniques for the operation of permanent placement services; common use and promotion of the Proprietary Marks (defined below); procedures for establishing and operating GRN Businesses; marketing methods; promotional programs; advertising; distinctive sales and promotional materials; standardized supplies and other materials used in GRN Businesses; management assistance; operations and administrative systems; training programs; business and reporting forms; bookkeeping and accounting materials and techniques; management and control systems; office procedures; staffing procedures; integrated use of computer software and hardware; equipment specifications; and, in general, a style, system and technique of business operation and procedure developed through our business experience.

We continue to expend time, skill and money to investigate new or substitute procedures, systems, services, products, programs and activities and, if we consider it desirable, may develop and integrate them into the GRN System.

### **1.02 The Proprietary Marks**

We use the service mark "GLOBAL RECRUITERS NETWORK®" and related trademarks, service marks, trade names, emblems, designs, labels, signs and symbols appearing on or used in connection with GRN Businesses; various copyrighted materials; and, other intellectual property, all of which are associated with the operation of an authentic GRN Business; which constitute an integral part of the GRN System; and, are licensed to you under this Agreement. This Agreement refers to the name(s), mark(s), logotype(s), emblem(s), design(s), label(s), sign(s), symbol(s), copyrights and other intellectual property which we will license to you under this Agreement as the "Proprietary Marks." The Proprietary Marks which we will license to you under this Agreement are in Exhibit B. We continue to develop, use and control the use of the Proprietary Marks to identify for the public the source of services and products marketed under the Proprietary Marks and to represent the high standard of quality associated with these services and products.



### **1.03 The Franchise**

You wish to obtain a franchise to operate one GRN Business under the Proprietary Marks and the GRN System. We wish to grant you this franchise, on the terms and subject to the conditions of this Agreement.

## **2. GRANT OF FRANCHISE AND LICENSE**

### **2.01 Grant of Franchise**

We grant you, and you accept, the right to operate one GRN Business (the “Business”) from one location you select and we accept in writing (the “Business Location”), subject to the terms and provisions of this Agreement and all related agreements. We also grant you the right to use the GRN System, as we may change, improve, modify or further develop it from time to time.

### **2.02 Grant of License to Proprietary Marks**

We grant you, and you accept, a non-exclusive license to use and display the Proprietary Mark(s) shown on Exhibit B (so long as we do not subsequently designate them as being withdrawn from use), together with those Proprietary Marks which we may later designate in writing, subject to the terms and provisions of this Agreement and all related agreements. This license applies solely to the operation of the franchised Business and the services and products offered and sold at and from the Business.

## **3. NO TERRITORIAL RIGHTS**

### **3.01 No Exclusivity**

You acknowledge that you are not receiving any exclusive or protected territory around the Business Location or any other territorial rights. Your rights under this Agreement are non-exclusive in all respects. We (and any Affiliates that we might have from time to time) shall have the right during and after this Agreement’s term without any restrictions to engage (directly or through franchisees or other representatives) in any and all activities we or they desire and deem appropriate, at any time and place, whether or not using the Proprietary Marks or any aspect of the GRN System, whether or not those activities compete with the Business, and whether or not we or our Affiliates start those activities or purchase, merge with, acquire, or affiliate with businesses that already engage in such activities. You acknowledge that your Business and all GRN Businesses (including us and our Affiliates) may solicit clients; solicit applicants; make job placements with employers and clients located anywhere; and, advertise their services anywhere.

## **4. TERM AND RENEWAL**

### **4.01 Initial Term**

The initial term (“Initial Term”) of this Agreement will be ten years, beginning on the date we sign this Agreement, unless this Agreement is sooner terminated in accordance with its provisions.

### **4.02 Renewal Term**

You will have the right, but not the obligation, to enter into Renewal Agreements (defined in Section 4.04) for additional consecutive terms the length of which shall be mutually agreed to by the parties, but which in no event shall be less than ten years each (the “Renewal Terms”), if you have complied with the conditions and procedures for renewal set forth below in this Article

4 and if, at that time, we continue to maintain a franchise program for GRN Businesses and have not determined to cease franchising. The first Renewal Term will begin on the date that the Initial Term expires.

We will be deemed not to continue to maintain a franchise program for GRN Businesses, and will be deemed to have ceased franchising, if we no longer are offering new franchises for GRN Businesses anywhere in the United States at the time of renewal. (The fact that we still have franchises in operation at the time of your renewal will not mean that we continue to maintain a franchise program for GRN Businesses. The key factor is whether we are offering new franchises at that time anywhere in the United States.) If we (or any successor of ours) cease franchising, then upon expiration of this Agreement (but not upon termination for cause), neither we nor any successor of ours will enforce the post-term covenant not to compete set forth in Section 13.01 of this Agreement.

#### **4.03 Conditions to Renewal**

Your right to enter into a Renewal Agreement will be conditioned on your fulfilling all the following conditions:

1. At the time of your exercise of the right to enter into a Renewal Agreement and the commencement of the Renewal Term, you must have fully performed, be in compliance with and not be in default of all of your obligations under this Agreement, any amendments to this Agreement or replacement of this Agreement, the Manual and Supplements to the Manual (both defined in Section 7.01), and all other agreements then in effect between you and us.
2. Before the commencement of the Renewal Term, you must have updated your operational methods and systems as we may reasonably require to conform to: (i) our then current specifications and standards for franchised GRN Businesses, including all Optional Modifications to the GRN System (as defined in Section 8.03) which we adopted but you did not chose to implement during the Initial Term; (ii) the requirements of our then current Franchise Agreement; and (iii) the Manual and all Supplements to the Manual.
3. You must have satisfied all monetary obligations to us and must have substantially timely met these obligations throughout the Initial Term.
4. We must not have given you two or more notices of default under this Agreement within two years before the expiration date of the Initial Term.
5. You must have executed a general release. This document will not purport to release us from any future claims arising out of or related to any Renewal Agreement entered into between you and us.
6. You must pay a renewal fee if we require it. We have the right to require you to pay us a renewal fee of up to \$5,000 (the "Renewal Fee"), at our option. However, no initial franchise fee shall be required from you. We are not obligated to give you any new computer hardware or software (or other products or services) upon renewal, whether or not you pay us a Renewal Fee.

#### **4.04 Form and Manner of Renewal**

If you have, and wish to exercise, the right to enter into a Renewal Agreement (as provided for in Section 4.02), you will do so by executing our then current form of renewal franchise agreement (the "Renewal Agreement"). The Renewal Agreement will take the form of our then current Franchise Agreement. The Renewal Agreement will supersede this

Agreement in all respects. The terms of the Renewal Agreement may differ from the terms of this Agreement. You must exercise your renewal right under this Agreement in the following manner:

1. Not less than 180 days, but not more than 240 days, before the expiration of the Initial Term of this Agreement, you must request from us by written notice a copy of our then current applicable Franchise Disclosure Document, including our then current Franchise Agreement (collectively, the "FDD").
2. Within 30 days after receipt of your request, we will deliver to you a copy of our FDD, and, promptly upon receipt of the FDD, you must acknowledge receipt by executing the Receipt form in the FDD and promptly returning it to us.
3. No sooner than the date we then specify, but no later than 20 business days after you receive our FDD, you must, by written notice, notify us whether or not you elect to execute the Renewal Agreement (our then current form of Franchise Agreement, modified as provided above).
4. Promptly upon receipt of your notice of your election to execute the Renewal Agreement, we will deliver to you copies of the Renewal Agreement ready for execution. Within the timeframe we specify, you must execute the copies of the Renewal Agreement and return them to us, accompanied by a check made payable to us for the Renewal Fee, if any (see Section 4.03 above).
5. If you do not perform any of the acts or deliver any of the notices required by this Section 4.04 in a timely fashion, this will be considered your election not to exercise your right to enter into a Renewal Agreement, and this right will automatically lapse and expire without further notice or action by us. If this occurs, this Agreement will terminate at the end of the Initial Term, subject to the post-termination and post-expiration provisions of this Agreement which by their nature survive.
6. If: (i) you have exercised your renewal right as described above; (ii) you have complied with all of the conditions set forth in Section 4.03 on the date of expiration of the Initial Term; and, (iii) we continue to maintain a franchise program for GRN Businesses and have not determined to cease franchising, then we will execute the Renewal Agreement executed by you and will, promptly after expiration of the Initial Term of this Agreement, deliver one fully executed copy of the Renewal Agreement to you.

#### **4.05 Notice of Expiration**

If applicable law requires us to give notice of expiration to you at a specified time before the expiration of the Initial Term or any Renewal Term of this Agreement, and we have not done so, then the term of this Agreement will be extended on a month-to-month basis until we have given you the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

### **5. PAYMENTS TO FRANCHISOR**

#### **5.01 Deposit; Initial Franchise Fee**

We will acknowledge receipt of the deposit of \$10,000 (the "Deposit") which you have paid us before executing this Agreement. In consideration of our execution of this Agreement, you agree to pay us a nonrefundable initial franchise fee in the amount of \$20,000 (the "Initial

Franchise Fee”), against which we will credit the \$10,000 Deposit you have already paid us. The Initial Franchise Fee, which will be fully earned upon the execution of this Agreement, less the Deposit, is payable in two (2) equal installments beginning on and after the date that is thirteen (13) months following the date you execute this Agreement, as follows: (a) the first \$5,000 of the balance of the Initial Franchise Fee is payable to us no later than five (5) business days after you receive payment from your first permanent placement of a client or candidate; and (b) the remaining \$5,000 balance of the Initial Franchise Fee is payable to us no later than five (5) business days after you receive payment from your second permanent placement of a client or candidate.

When you sign this Agreement, you must also sign a promissory note in the form of Exhibit C (the “Promissory Note”), evidencing your obligation to pay us the Initial Franchise Fee. The Promissory Note will be interest-free except for the interest and late charges payable to us on any overdue payments pursuant to Section 5.08.

## 5.02 Continuing Royalty

In consideration of our granting you the franchise granted under this Agreement, you agree to pay us a monthly continuing royalty (the “Continuing Royalty”) equal to percentages of Net Receipts (as defined in Section 5.03) derived from the Business, based on the Business’s overall Gross Receipts (as defined in Section 5.03) during each year of this Agreement’s term, as set forth in the following schedule:

### SCHEDULE

Tier	Gross Receipts		Years 1 through 10
	From	To	Continuing Royalty
1	\$0	\$500,000	10% of Net Receipts
2	\$500,000.01	\$1,000,000	8% of Net Receipts
3	\$1,000,000.01	\$1,500,000	6% of Net Receipts
4	\$1,500,000.01 and above		4% of Net Receipts

The Continuing Royalty payable during each calendar year shall be adjusted when certain Gross Receipt tiers (“Tiers”) are met. The Continuing Royalty percentages will apply only to the Net Receipts between the two (2) Tiers set forth next to each percentage in the above schedule.

Year 1 will begin on the date on which you start the Initial Training Program and end the following December 31st. For purposes hereof, Gross Receipts shall be deemed to commence at Zero Dollars (\$0) on the first day of each calendar year during the term of this Agreement.

We will deduct the Continuing Royalty from the Net Receipts we collect from clients on your behalf and remit the balance to your bank account by an automatic ACH transfer.

## 5.03 Definition of Gross Receipts and Net Receipts

“Net Receipts” means Gross Receipts less splits paid to any other staffing service and other permitted adjustments. “Gross Receipts” means all revenues and income from any source that you derive or receive from, through, by or on account of the operation of the franchised Business, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not you ultimately receive payment on credit transactions), or otherwise. You may deduct from Net Receipts, to the extent that they have been included in your calculation of Net Receipts, documented refunds to clients and all sales taxes or similar taxes which you legally charge to clients. You may deduct these taxes from the computation of

“Net Receipts” only if you: separately state the taxes when you charge the clients; remit the tax payments to the appropriate tax authorities in a timely manner; furnish to us an official receipt issued by the tax authorities for payment of the taxes within 30 days of payment, or any other verification of payment that we may reasonably consider acceptable; and, state in your required monthly report (see Section 5.05) the amount of all these taxes and the payments to which they relate. Gross Receipts include (without limitation) all fees earned by the Business on placements derived from the GRN Exchange Program, except for any portion of fees on placements which you receive and then pay to another GRN franchisee. Except as specifically provided above in this Section 5.03, you may not deduct from Gross Receipts any item of expense or overhead, including (without limitation), any commissions, expenses or bonuses paid to employees, officers, directors or others. For the purpose of determining Gross Receipts, all barter and/or exchange transactions where you furnish services or products in exchange for goods or services to be provided to you by a vendor, supplier or client will be valued at the full retail value of the goods and/or services to be provided to you.

#### **5.04 GRN Bundle Fee**

During the Initial Term and any Renewal Term, you agree to pay us, on or before the day of each month that we periodically specify by an automatic ACH transfer, our then current GRN bundle fee (the “GRN Bundle Fee”). The GRN Bundle Fee is payable in consideration of the various services we provide you under this Agreement, including, but not limited to: (A) a single user license of consulting and placement solutions (CAPSX) software (the “CAPSX Software®”), including GRN Exchange, GRN Chat, GRN Candidate Creator, GRN Data Loader, GRN Universal Importer and Outlook Integration; (B) GRN Dashboard; (C) access to GRN's video conferencing network; (D) client billing, collections and remittances; (E) Virtual Office training providing real-time coaching as you develop your business; (F) providing field support services pursuant to Section 7.07; (G) hosting your standardized GRN web site; (H) providing and maintaining a Resource Center for our ongoing collection of training, research and consultation material; (I) tools to mass e-mail, create campaigns, access to contact data and employer information; (J) human and artificial intelligence (AI) resources for supplying candidates and companies with whom you may connect; (K) access to GRN's data repository consisting of companies, contacts, candidates, and other data points critical for today's recruiter; (L) our Affiliate's support for both hardware and software, along with backup; (M) accounting and tax support provided by our Affiliate; (N) subscription services to preferred partners; (O) registration fees for GRN's Global Workshop and for one regional meeting per year for you; and (P) legal assistance with issues impacting permanent placement services.

#### **5.05 Reporting, Client Invoicing and Payment**

A. Reporting, client invoicing and payment of royalties and fees shall be made on a daily basis, utilizing such methods and procedures for electronic or other funds transfer and related electronic reporting as GRN may designate from time to time. All invoices must be drafted and sent from GRN corporate headquarters. The current program description and Authorization Agreement is contained in Exhibit J.

B. Prior to beginning your Business under this Agreement, you shall establish and shall thereafter continuously maintain a bank account and you shall give your commercial bank instructions in a form provided or approved by GRN and shall obtain the bank's agreement to follow such instructions. You shall provide GRN with copies of such instructions and agreement. The bank's agreement may not be withdrawn or modified without the prior written approval of GRN, which approval shall be within the sole discretion of GRN. You shall also execute such other forms relating to your account as GRN may request from time to time. Your bank must be a member of the Federal Reserve System.

C. Any Gross Receipts that you receive from the franchised Business that are not accounted for utilizing the invoicing and collection process also are subject to Continuing Royalties. Such Gross Receipts must be detailed by you and reported in writing to us monthly and must be contained in the exception report. We will determine the amount due us relating to these revenues and initiate an automatic ACH transfer.

D. GRN may require your bank to send a monthly statement of all activity in the designated account to GRN's controller at the same time as it sends such statements to you, and such other reports of the activity in the designated account as GRN may reasonably determine. You are required to send your annual (fiscal year) bank statement of all your activity in the designated account and your annual Business federal tax return to GRN's Controller by May 1<sup>st</sup> of the applicable year or upon written request of GRN's Controller.

E. You shall deposit all receipts of your Business in the designated account.

F. If you maintain any other accounts of any type for your Business, you shall identify such accounts to GRN and provide to GRN copies of the monthly statements for all such accounts and the details of all deposits to them.

G. The procedures established by GRN shall include a method for repayment to you of any overpayment of fees, whether resulting from the payment of refunds or split fees, or other causes.

H. The procedures established by GRN shall also include a method for the repayment or non-transfer of fees on your deposits of funds to the designated account which are not receipts of the Business, such as loan proceeds, capital contributions, or tax refunds.

I. You shall pay the charges imposed by your bank and GRN shall pay the charges imposed by GRN's bank relating to the funds transfer program.

## **5.06 Commencement of Payments**

The Continuing Royalty and all other payments and fees due under this Agreement will accrue on the date on which you actually commence operation of the franchised Business. For purposes of this Section, "commencement of operation of the franchised Business" means the first day that you offer any services, programs or products for sale at or from the franchised Business, conduct any of the activities contemplated by this Agreement, or thirty days from the end date of the Initial Training Program that you attended, whichever comes first.

All other payments due to us will accrue on the dates specified either in this Agreement, our manuals, or, with regard to products and/or services sold or furnished by us or any of our Affiliates to you, on the terms we (or our Affiliate) specify at the time of offer or sale, including, without limitation, electronic funds transfer. All royalties, fees and payments, including the Continuing Royalty, will continue to be due during the entire term of this Agreement.

## **5.07 Payments to Us**

In addition to all other payments under this Agreement, you agree to pay us (or our Affiliates) immediately upon demand:

1. The amount of all sales taxes, trademark license taxes and any other tax or levy whatsoever – however denominated – imposed on, required to be collected, or paid by us (or our Affiliates) on account of services or goods we (or our Affiliates) have furnished to you through sale, lease or otherwise, or on account of collection by us of the Initial Franchise Fee or Continuing Royalties called for by this Agreement.

2. All amounts we advanced, or which we have paid, or for which we have become obligated to pay, on your behalf for any reason.
3. All amounts due to us, for products or services you purchased from us.

Unless we specifically permit payment by any other means, all payments due to us from you under this Agreement must be paid by electronic funds transfer through a Federal Reserve member bank.

#### **5.08 Late Charge and Interest**

If you fail to make any payments to us (or our Affiliates) by their due date (including, without limitation, any payment due under the Promissory Note), you agree to pay us:

- (a) To compensate us for the additional administrative costs and expense incurred in handling overdue payments, a late charge equal to 5% of the amount owed, or if this rate exceeds the highest rate permitted under applicable law, then at the highest rate permitted by law, plus
- (b) Simple interest on all amounts owed but unpaid at the rate of 18% per year, or if this rate exceeds the highest rate permitted under applicable law, then at the highest rate permitted by law.

You acknowledge that this Section 5.08 will not constitute agreement by us to accept any payments after they are due, or a commitment by us to extend credit to you or otherwise finance the franchised Business. You also acknowledge that if you do not pay all amounts when due under this Agreement, this will be a material breach of this Agreement which, unless you cure the breach as provided in Section 17.03, will result in this Agreement being terminated immediately.

#### **5.09 Application of Funds**

If you are delinquent in the payment of any obligation to us under this Agreement, or under any other agreement with us, then we may apply any payment from you to the oldest obligation due, whether under this Agreement or otherwise, whether or not there is any contrary designation by you.

#### **5.10 You May Not Withhold**

You may not withhold payment of any Continuing Royalty or any other amount due to us on the grounds of the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement, including (without limitation) agreements for the sale, provision or licensing (as applicable) of services, products or software by us to you.

### **6. BUSINESS LOCATION AND RELOCATION**

#### **6.01 Business Location**

A. You must operate your Business from a Business Location that we have accepted, and our determination will be final. Your Business Location may, but is not required to be, located in a Commercial Premises. "Commercial Premises" means premises that are zoned for commercial use only and that are non-residential.

B. Because you have suggested a Business Location for your Business which we have accepted before the execution of this Agreement, the Business Location for your Business is set forth on Exhibit A to this Agreement.

C. You agree to comply with all our specifications, requirements and restrictions in our Manual or otherwise in connection with your Business Location. If you lease or sublease the Business Location in a Commercial Premises: (i) you may not create any obligations on our behalf, grant any rights against us or agree to any other term, condition, or covenant which is inconsistent with the provisions of this Agreement or any related Agreement, and (ii) you agree to duly and timely perform all terms, conditions, covenants and obligations under the lease or sublease.

## **6.02 Government Licenses, Approvals and Consents**

It will be your sole responsibility to promptly investigate the need for, seek and obtain any license to operate a permanent placement business required by the laws of the state in which you operate. We make no representation or warranty that you will be able to obtain any license to operate a permanent placement business required by the laws of the state in which you operate. You represent to us that you have no knowledge or reason to believe that such a license will not be granted to you on making an application for it, and you agree to make due and diligent efforts to apply for and obtain such a license.

It will also be your sole responsibility to promptly investigate the need for, seek and obtain all government and quasi-governmental approvals, consents and licenses required to open and operate the franchised Business. You undertake to use all possible efforts to obtain all such other approvals, consents and licenses.

## **6.03 Relocation of Your Business Location**

You may not relocate your Business Location without first obtaining our written approval for the new location. If you relocate your Business with our approval subject to the terms of this Section 6.03, the new location will be a "Business Location" of the franchised Business as that term is used in this Agreement. Any relocation will be at your expense. We may charge you for any costs we incur in connection with the relocation.

# **7. DUTIES OF FRANCHISOR**

## **7.01 Confidential Operating Manual**

Our confidential operating manual, which is the Recruiter's Manual (the "Manual") consists collectively of the written guidance, directions, operational systems, procedures, policies, methods, prohibitions, requirements and specifications which we communicate to GRN franchisees by means of written bulletins, manuals, facsimiles, other written notices, electronic communications or any other such memorializations. We will lend you one copy of our Manual. We may post some or all of the substance of the Manual on the CAPSX Software®, a private intranet or web site to which you will have access and which is deemed to be part of the Manual. If we do so, you agree to monitor and access the CAPSX Software®, intranet, or web site for any updates to the substance of the Manual or GRN operating standards. Any passwords or other digital identifications necessary to access the Manual on the CAPSX Software®, intranet, or web site will be deemed to be part of the Confidential Information. We may require you to return a portion or the entire copy of the Manual given to you in paper or other tangible form after we post the substance of the Manual on the CAPSX Software®, intranet, or web site.

You agree to operate your Business in strict compliance with the operational systems, procedures, policies, methods and requirements prescribed from time to time in the Manual.

We retain the right to prescribe additions to, deletions from or revisions of the Manual (the "Supplements to the Manual"), all of which will be considered a part of the Manual. All the



previous and subsequent references to the Manual in this Agreement will include all Supplements to the Manual. Supplements to the Manual will become binding on you as if originally set forth in the Manual, upon being delivered to you. You agree to immediately adopt and use the services, products, programs, materials, standards, specifications, policies, methods, procedures and techniques set forth in modifications or Supplements to the Manual.

You acknowledge that we are the owners of all proprietary rights in the GRN System, the Manual and all Supplements to the Manual, and that you are acquiring no property or other right to them other than a license to use them and comply with them during the term of this Agreement. The Manual and all Supplements to the Manual will remain our property at all times. You promise that you, your agents, independent contractors, and employees will treat the Manual and the information contained in it as confidential; use all reasonable efforts to maintain this information as secret and confidential; at no time copy, duplicate, record or otherwise reproduce the Manual or Supplements to the Manual, in whole or in part; and, not make the Manual, Supplements to the Manual or information in them available to any unauthorized person. Upon the expiration or termination of this Agreement, you must return any tangible copy of the Manual and all Supplements to the Manual to us, or at our direction obliterate or destroy them.

You agree to ensure at all times that your tangible copy of the Manual and the Supplements to the Manual are current and up-to-date. Immediately after you receive any Manual portions or any Supplements to the Manual that we designate as substitutes for existing portions of the Manual, you agree either to return the superseded portions to us, or, if we so direct, to destroy the superseded portions. If there is any dispute as to your compliance with the provisions of the Manual and any Supplements to the Manual, the master copy of the Manual and any Supplements to the Manual maintained at our principal office will control.

## **7.02 Pre-Training Assistance and Consultation**

We will, at our own expense, provide assistance and consultation to you before you attend the Initial Training Program. We will provide this pre-training assistance and consultation by telephone, e-mail, other electronic communications or other communication devices, as we determine.

## **7.03 Initial Training Program**

After we accept the Business Location and before the opening of the franchised Business, you must attend and successfully complete an initial training program which we will provide at GRN's corporate headquarters (the "Initial Training Program"). If more than one person is signing this Agreement as the "Franchisee," then we will determine how many of these persons and which of these persons must attend and successfully complete the Initial Training Program (each, a "Designated Trainee"). (If only one person is signing this Agreement as the "Franchisee," then that person will be the only "Designated Trainee" as used in this Agreement.) We will determine the date of commencement, location and duration of the Initial Training Program and notify you of them.

The cost for the Initial Training Program for the Designated Trainee will be included in the Initial Franchise Fee. You agree to pay the wages of and all expenses incurred by your Designated Trainee(s) in connection with training, including, but not limited to, transportation costs, lodging, meals, and other living expenses; however, we will pay the lodging costs incurred by one attendee during the classroom portion of the Initial Training Program.

If we reasonably conclude that a Designated Trainee has failed to attend or successfully complete our Initial Training Program, then that person may re-enroll in our next scheduled

Initial Training Program at no additional charge. We will have the right to terminate this Agreement if, following your Initial Training Program (including re-enrollment training as provided for in the preceding sentence), we determine that the Designated Trainee has failed to attend or successfully complete our Initial Training Program. This failure will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure. If we terminate this Agreement for this reason, then all funds you paid us will be considered earned by us. No portion of the Initial Franchise Fee is refundable.

If you wish to designate other persons to attend the Initial Training Program, we may (at our sole option) agree to provide the Initial Training Program to these other persons and, in this case, we may charge a fee of \$2,500 for training additional personnel. You agree to pay the wages of and all expenses incurred by your attendees in connection with training, including, but not limited to, transportation costs, meals, lodging and other living expenses.

We will not pay any compensation for any services performed incidental to training by attendees in any training program. We reserve the right to determine the duration and subject matter of our training programs and the right to train any number of individuals from any number of franchised or non-franchised GRN Businesses at the same time.

#### **7.04 Start-Up Materials and Forms; Computer Hardware and Software**

We will furnish to you an initial supply of printed materials and forms that we estimate to be sufficient for approximately 90 days. In addition, as Section 8.09 provides in full, we will provide you with certain computer hardware and computer software, as set forth on Exhibit E to this Agreement.

#### **7.05 GRN Exchange**

You are required to participate in the GRN Exchange Program. You must sign the GRN Exchange Agreement (Exhibit D), agreeing to be bound by the rules governing the GRN Exchange, when you sign this Agreement. We will notify all other GRN Businesses of your operation, place you on the GRN Exchange mailing list for franchisees, and furnish to you all GRN Exchange newsletters, bulletins and information sent by us to our franchisees.

Under the GRN Exchange Program Agreement, you will agree to be bound by the then current Rules and Procedures of the GRN Exchange Program applicable to franchisees. These Rules and Procedures are established (and modified from time to time) by GRN. Any dispute between GRN Businesses with respect to the division of revenues from a placement through the Exchange Program will be decided by arbitration (each, an "Exchange Arbitration") pursuant to the Rules and Procedures of the GRN Exchange. You agree that neither we, our Affiliates, the officers, directors, employees or agents of these entities, nor those persons who act as Exchange arbitrators, will be liable for any act, error or omission on our or their part with respect to the administration of the GRN Exchange Program, including (but not limited to) the conduct of Exchange Arbitrations. If you refuse to honor an Exchange Arbitration decision, we will have the right to publish that fact, and your refusal to honor the Exchange Arbitration decision will be grounds for immediate termination of this Agreement, without any right to cure the default.

#### **7.06 On-Going Assistance**

We will examine reports of sales, marketing and financial data from your Business and will offer the advice we consider necessary regarding promotions, business and operational procedures. You agree to provide us with the information regarding your franchised Business that we request from time to time.

You must attend GRN's annual two (2)-day Global Workshop held at GRN's corporate headquarters or at some other location of our choice. We may also provide other national seminars, regional meetings and/or field training sessions from time to time. The GRN Bundle Fee covers the registration fees for the Global Workshop and one regional meeting per year; we may charge separate registration or similar fees payable via an automatic ACH transfer for seminars and/or field training sessions. Except for the annual Global Workshop, which you must attend, attendance at such national seminars, regional meetings and/or field training sessions will generally be recommended rather than mandatory. We reserve the right, however, to require attendance at any such seminar, regional meeting and/or field training session by some or all of the Designated Trainees (at our sole option). You agree to pay the wages of and all expenses incurred by your attendees in connection with and during each of these seminars, regional meetings and field training sessions, including, but not limited to, transportation costs, meals, lodging and other living expenses. You will be in default under this Agreement if you fail to attend more than one mandatory Global Workshop within a consecutive three (3)-year period, provided, however, you may cure such default by attending the next mandatory meeting that we offer to GRN franchisees. If you do not attend the next mandatory meeting offered by GRN, your failure to attend will be grounds for immediate termination of this Agreement, without any right to cure the default.

#### **7.07 Field Support Services**

Following the commencement of operation of your franchised Business, we may furnish to you the field support services that we alone consider appropriate. Our representatives may render field support services on-site, off-site, by telephone; through electronic communications; or, through other communication devices. Field support services may include advice with respect to programs, procedures, guidelines, systems, specifications or techniques pertaining to the operation of your Business. Scheduling of these resources is dependent upon many factors.

#### **7.08 Optional Materials and Services Which We May Offer**

If we determine to offer to sell you any optional materials or services (directly, or through an Affiliate), and you, at your sole option, determine to purchase any of them, then, except as otherwise set forth below, you must pay us (or our Affiliate) the prices that we, at our sole option, determine and set forth at the time of offer or sale, or we otherwise generally set forth in our Manual or otherwise. All such prices will be subject to change at any time.

#### **7.09 Pricing**

To enhance the interbrand competitiveness of the GRN System; to enable competitive and system-wide "price point" advertising; and, to benefit GRN clients, we may, at our sole option, from time to time and to the extent allowed by applicable law, regulate your Business's minimum, maximum, or other prices, fees, and rates for the resale of the services offered and sold by your Business. You agree to adhere to any such price, fee, and rate requirement we impose. Nothing contained in this Agreement is a representation by us that the use of our required prices, fees, or rates will increase or optimize the revenues or profitability of your Business.

You agree to inform us of all prices, fees and rates you charge and to promptly inform us of any new prices, fees and rates you establish. You agree to research the prices, fees and rates charged by competitors in your market area from time to time pursuant to our instructions and to provide this information to us.

## **7.10 Nature of Obligations**

All our obligations under this Agreement are to you alone. No other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

## **8. DUTIES OF FRANCHISEE**

### **8.01 Commencement of Operations**

You agree to commence the operation of your franchised Business within 30 days after the end date of the Initial Training Program. Before commencing operations, you agree to fulfill all the pre-opening obligations called for by this Agreement, including (but not limited to) your obligations to:

1. Attend and satisfactorily complete our Initial Training Program.
2. Complete installation of all equipment, telephone and computer systems.
3. Obtain any and all license(s) required for the operation of a permanent placement business and all other required business, building, zoning and other permits and licenses.
4. Do all other acts necessary to make the franchised Business ready to begin operation.

Your failure to commence operation of the Business within the required period will be a material and incurable breach of this Agreement, which, unless we waive it, will entitle us to terminate this Agreement immediately upon notice to you, without opportunity to cure. You will be excused from the timely performance of your obligations under this Section 8.01 only as a result of delays due to causes beyond your control, such as strikes, material shortages, fires, and other causes which you could not have avoided by the exercise of due diligence.

### **8.02 Manner of Operation**

Your Business and Business Location must comply at all times with every provision of this Agreement, the GRN System, the Manual and all Supplements to the Manual, and our other manuals.

You acknowledge that every mandatory component of the GRN System is vital to us, to other GRN franchisees and to the operation of the franchised Business. You further acknowledge that your compliance with the GRN System is of the essence to this Agreement. You therefore agree to conduct the activities and operations of your Business at all times in compliance with the GRN System, including all standards, procedures and policies we require from time to time (in our Manual or otherwise), as though specifically set forth in this Agreement. You agree to offer and sell to the public all services, products and programs which we require and which are part of the GRN System, and to disseminate to the public all promotional and other materials, which we require and which are part of the GRN System.

You must fully comply with all of our standards, procedures and policies relating to your use of social media in connection with your operation of the franchised Business, including prohibitions on your and your employees' posting or blogging comments about the franchised Business or GRN System other than on a GRN-authorized web site and restrictions on your use of avatars, banners, background images, or other graphic elements or words on social media sites unless approved by us prior to their use ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging

tools like X (formerly Twitter), virtual worlds, file, audio and video-sharing sites such as YouTube, job boards, and other similar social networking or media sites or tools). You must not name any social media site for the Business in such a way that causes confusion with any social media site or web site for the GRN System or any GRN Business.

### **8.03 Modifications to the GRN System**

You understand and agree that the GRN System must not remain static if it is to meet unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, social trends; economic trends and other marketplace variables and if it is to best serve our interests, your interests and the interests of all other GRN franchisees. Accordingly, we may from time to time change the components of the GRN System and the requirements applicable to the System, including, but not limited to, altering the products, programs, software, services, methods, standards, forms, policies and procedures of the System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which the franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other GRN Business construction, design, appearance and operation attributes which our permanent placement franchisee observe; and, changing, improving, modifying or substituting the Proprietary Marks.

We may designate certain of such modifications, additions, deletions, substitutions and alterations as optional (the "Optional Modifications"). You need not adopt Optional Modifications until you renew or assign the Franchise Agreement, but we encourage you to do so upon receipt of notice of them. We will designate other of such modifications, additions, deletions, substitutions and alterations as required (the "Mandatory Modifications"). You agree to comply with any such Mandatory Modifications within the time period we specify.

You agree to accept, use and effectuate all Optional Modifications you agree to and all Mandatory Modifications as if they were part of the System at the time that this Agreement was executed.

We will not be liable to you for any expenses, losses or damages you sustain as a result of any of the Mandatory or Optional Modifications contemplated by this Section (except to the limited extent specifically provided in Section 15.08 with respect to any discontinuation and/or substitution of Proprietary Marks). You promise not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused by such modifications. Finally, you expressly waive any claims, demands or damages arising from or related to Mandatory or Optional Modifications including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud and/or breach of the implied covenant of good faith and fair dealing.

### **8.04 Compliance with Laws, Rules and Regulations; Non-Discrimination; Equal Opportunity Employment**

A. You agree to operate the franchised Business in strict compliance with all applicable laws, ordinances, rules and regulations of all governmental authorities; comply with all applicable wage, hour and other laws and regulations of federal, state and local governments; prepare and file all necessary tax returns; pay all taxes imposed on you related to the franchised Business; and, obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approval required of you to offer and sell the services and products which now or in the future are part of the GRN System. You agree that you will

be responsible for compliance with all applicable laws, ordinances, rules and regulations, including, without limitation, federal, state or municipal wage and hour laws, ordinances, rules and regulations; health and safety laws, ordinances, rules and regulations; immigration laws, ordinances, rules and regulations; the Fair Labor Standards Act; the Occupational Safety and Health Administration Act ("OSHA"); the Employee Retirement Income Security Act ("ERISA"); and, the Americans with Disabilities Act ("ADA").

The laws, ordinances, rules and regulations referenced in this Section 8.04 and elsewhere in this Agreement do not comprise a complete listing of laws and regulations affecting your franchise, but rather they may have current or special relevance to our industry. You acknowledge that it is your obligation to become and stay current with all relevant federal, state and local laws, rules and regulations. Nothing in this Agreement is intended to provide you with legal advice or act as a substitute for the services of legal counsel.

B. You agree to advertise for, screen, test, interview, instruct, and refer applicants for employment in conformity with all applicable laws and regulations in compliance with the GRN operating standards and procedures, without regard to age, race, color, religion, sex, national origin or any other classification prohibited by law. You may not utilize any codes or other designations on application forms, job order forms or any other forms which indicate race, religion, sex, national origin or any other prohibited classification.

You may not accept any order, assignment or request for a personnel assignment or placement, where the order, assignment or request is subject to or conditioned upon race, creed, color, religion, age, sexual preference or orientation, sex, national origin, physical or mental handicap, ancestry, marital status, veteran status, liability for service in the Armed Forces of the United States, or in violation of any federal, state, local or municipal laws concerning employment discrimination. You agree not to refer or hire, or to refuse to refer or hire, any job applicant on any such basis.

#### **8.05 Your Participation in the Operation of the Business**

You agree to participate personally in the direct operation of the franchised Business, unless we otherwise permit in writing. You agree to devote the amount of your time, attention and best efforts to the performance of your duties under this Agreement that is necessary for the proper and effective operation of the franchised Business. Your failure to do so will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

#### **8.06 Staffing**

You may engage search consultants, search assistants, and researchers to perform services for your Business from the Business Location or other offices they maintain. You have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustments of grievances and complaints, and working conditions. Under no circumstances will your employees be considered our employees.

#### **8.07 Maintenance and Repair**

You agree to maintain the equipment used in the Business in good working order. For example, you are responsible for maintaining the video conferencing unit after the warranty expires.

## **8.08 Requirements Concerning Services and Products**

### ***A. Services and Products You Offer and Sell***

You may only use the Business Location for the operation of a GRN Business. You are prohibited from offering or selling, directly or indirectly, any service, product or program which is not a part of the GRN System or which we delete from the System. You also are prohibited from offering or selling, directly or indirectly, any service, product or program to any other GRN franchisee which we do not expressly approve of in advance in writing. You may not operate a temporary placement business. You may not use the GRN name or the Proprietary Marks for the benefit of any business other than the franchised Business. You may not conduct (or permit anyone else to conduct) any business other than the business contemplated by this Agreement at or from the Business Location without first obtaining our written consent, which we may withhold for any reason or for no reason.

### ***B. Sources of Supply and Specifications***

As detailed in our Manual, you must purchase certain required supplies, equipment, materials and services from suppliers we designate in writing; from suppliers you select and we approve; and/or, in accordance with our written specifications. For example, you must purchase all materials and supplies bearing any of the Proprietary Marks either from a source of supply approved by us or from any other supplier who can first demonstrate to us that it can supply items meeting the same specifications as those being supplied by approved sources of supply.

We agree to exercise our approval of suppliers you propose reasonably, in accordance with the following procedure:

1. You must submit a written request to us for approval of the supplier;
2. The supplier must demonstrate to our reasonable satisfaction that it is able to supply a product or service to you meeting our specifications; and,
3. The supplier must demonstrate to our reasonable satisfaction that the supplier is in good standing in the business community with respect to its financial soundness and the reliability of its product or service.

We reserve the right to test, analyze, inspect or randomly sample the product or service of any supplier you propose at your expense, whether or not we approve or reject the supplier. We will give you written notice of our approval or disapproval within a reasonable time. If we revoke approval of a supplier, we will give you written notice. Notwithstanding the foregoing, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our Affiliate) for a particular item or service or if we believe that doing so is in the best interests of the GRN System.

We may from time to time provide you with specifications governing the minimum standards of products, services or equipment you procure from a third party (that is, from any party other than us), in our manuals or in other written notices we transmit to you. We may modify our specifications in writing from time to time.

We may offer and sell to you any products and services that you are required to purchase at the prices we determine and set forth at the time of sale, in our manuals or otherwise. We reserve the right to earn a profit from selling you goods and services. You must

have the CAPSX Software® License and GRN Exchange Software Support for the entire term of this Agreement.

### **C. System Wide Supply Contracts**

To enhance the interbrand competitiveness of the GRN System; to enable the System to take advantage of mass purchasing and/or economies of scale; and, to maximize uniformity of concept and quality, we may, at our sole option, enter into system wide supply contracts with one or more vendors of products and/or services that company-owned and franchised GRN Businesses are required to use, offer or sell (each, a "System Wide Supply Contract"). If we enter into any System Wide Supply Contract, then we will notify you of this, and you will have the option to purchase the specified products and/or services from the specified vendor under the terms of the System Wide Supply Contract we have negotiated. However, you will not be required to do so.

We make no representation that we will, in fact, negotiate or consummate any System Wide Supply Contracts or other exclusive supply arrangements or, if we do so, that you would not otherwise be able to purchase the same products and/or services at a lower price from another vendor. We reserve the right, at our sole option, to modify or discontinue any System Wide Supply Contracts or exclusive supply arrangements and/or to substitute designated vendors.

### **8.09 Computer System**

A. We will provide to you, for no additional charge: 1 business computer, 2 monitors, 1 webcam, 1 speaker pair, 1 external HD, a single user version of third-party software, LaserJet printer, All-In-One printer, 1 VoIP Hardware Phone with 1 wireless headset, and certain other computer-related accessories or peripheral equipment that we then specify for our franchisees. The brand of the computer is Hewlett Packard/Compaq. The GRN Bundle Fee you pay us each month includes, among other things, a single user license of CAPSX Software®, including GRN Exchange Software, GRN Chat, GRN Candidate Creator, GRN Data Loader, GRN Universal Importer, Outlook Integration, GRN Dashboard and access to GRN's video conferencing network. If you wish to use a multi-user version of the application software for more than one user, then you must pay the additional fee for such a version.

You must use the proprietary software which we have selected for our franchisees. This proprietary software is the CAPSX Software® and the GRN Exchange software products. You must sign our form CAPSX Software® License Agreement, substantially in the form annexed to this Agreement as Exhibit F. If we change the system wide software platform in the future, we may require you to migrate to that software platform at your expense. If we adopt new or substitute proprietary software which we determine to require for our franchisees, we may require you to sign a new or substitute CAPSX Software® License Agreement.

You must also purchase software training, maintenance and support services from our designated supplier and pay the supplier any other related and necessary expenses.

In the alternative to requiring and providing proprietary or non-proprietary software or as a substitute for any software, we may determine to provide you with computerized access to an application service provider or other private intranet or Internet web site which meets some or all of your computer-related needs. If we do so, you must pay all related costs, including, for example, the installation and on-going costs of the telecommunications line or other connection and the fees charged by the web site, application service provider or other on-line facility. You must utilize the designated web site, application service provider or other on-line facility in the



operation of your Business. You agree to give our representatives reasonable access to your Business Location for these purposes.

You agree to use all software we specify for our franchisees and to execute any software license agreements required by the suppliers of the software. You may not use any other third-party software products or services unless you have obtained our prior express written consent, which may be withheld in our sole discretion. During the term or subsequent to the term of this Agreement, you agree not to, directly or indirectly, transfer or convert the software, information and/or data contained in your computer system for any purpose. You further agree to purchase maintenance and all upgrades for all required software from us or the supplier at our option, at the prices and on the terms that we or the supplier establish. You agree to keep the computer system and other computer-related accessories or peripheral equipment we provide in good maintenance and repair at your own expense.

You agree to provide any assistance requested by us to bring your computer system on-line with our headquarters computer at the earliest possible time and to input in your computer system any data and information that we require. You agree that we will have the right at any time to retrieve any data and information from this computer system that we consider necessary, desirable or appropriate. We will have administrative access to all software programs on your computer system. You will pay the cost of telephone connections and retrieving information.

B. If we reasonably determine that changes will prove economically or systemically beneficial, you agree to install at your expense, and to use, whatever additions, changes, modifications, substitutions and/or replacements to the computer hardware, telephone and power lines and other computer-related facilities that we direct.

C. WE WARRANT AND REPRESENT THAT WE HAVE THE AUTHORITY TO EXTEND THE RIGHTS GRANTED TO YOU BY THE CAPSX SOFTWARE® LICENSE AGREEMENT AND TO MAKE AVAILABLE TO YOU ANY OTHER SOFTWARE AND ALL COMPUTER EQUIPMENT MADE AVAILABLE BY US TO YOU PURSUANT TO THIS AGREEMENT. THIS EXPRESS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE, OF QUALITY OR PRODUCTIVENESS OR CAPACITY. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT THE PROPRIETARY SOFTWARE, ANY OTHER SOFTWARE AND ALL COMPUTER EQUIPMENT MADE AVAILABLE BY US TO YOU PURSUANT TO THIS AGREEMENT ARE MADE AVAILABLE ON AN "AS-IS" BASIS. WE WILL NOT BE LIABLE (WHETHER IN CONTRACT, WARRANTY, TORT, OR OTHERWISE) TO YOU, THIRD PARTIES, OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER YOU, FOR ANY DAMAGES OR EXPENSES, INCLUDING BUT NOT LIMITED TO, ANY CONSEQUENTIAL DAMAGES, INCIDENTAL DAMAGES, LOST PROFITS AND/OR LOST BUSINESS, ARISING OUT OF OR IN CONNECTION WITH ANY USE, OR INABILITY TO USE, ANY PROPRIETARY SOFTWARE, ANY OTHER SOFTWARE AND ALL COMPUTER EQUIPMENT MADE AVAILABLE BY US TO YOU PURSUANT TO THIS AGREEMENT, WHETHER CAUSED BY DEFECT, NEGLIGENCE, BREACH OF WARRANTY, DELAY IN DELIVERY OR OTHERWISE, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EXPENSES. FURTHER, NO OBLIGATION OR LIABILITY WILL ARISE OR FLOW OUT OF OUR OR OUR DESIGNATED SUPPLIER'S RENDERING OF TECHNICAL OR OTHER ADVICE OR SERVICE IN CONNECTION WITH THE PROPRIETARY SOFTWARE, ANY OTHER SOFTWARE AND ALL COMPUTER EQUIPMENT MADE AVAILABLE BY US TO YOU PURSUANT TO THIS AGREEMENT.

## **8.10 Web Sites**

A. We will choose and designate the domain name for your web site(s). We will provide you with our standardized GRN web site for new franchisees. You must sign an agreement with one of our Affiliates for web site support services. The Affiliate will charge you a fee for these web site support services. This shall be uniform for all GRN Businesses within the GRN System. Our cost for providing you with this standardized web site shall be paid from the GRN Bundle Fee.

B. You agree that we will host your web site. You agree to comply with the following requirements, and any and all applicable requirements set forth by us in the Manual or otherwise, in connection with all web site(s) you maintain in connection with the franchised Business:

1. Your web site(s) must conform to our web site requirements, including (without limitation) those related to format, "look and feel," substantive content, privacy policies, technical performance and overall up-time.

2. Your Internet provider must be reputable, experienced and otherwise reasonably acceptable to us. We have the right to designate or to approve your Internet provider and/or the supplier that develops your web site(s). You must submit to us for our advance written approval any agreement you enter into with a third party for the development of your web site(s).

3. You agree to submit to us for approval before use your proposed HTML documents (and documents in any other hypertext markup language) including, without limitation, all proposed links, frames and metatags, and true and correct printouts of all web pages you propose to use in your web site in connection with the franchised Business. You understand and agree that our right of approval of all web materials is necessitated by the fact that such web materials will include and be inextricably linked with our Proprietary Marks. You may only use material which we have approved. Your web site must conform to all of our web site requirements, whether set forth as part of our Manual or otherwise.

4. You agree to provide all hyperlinks or other links that we require. You may not use any of the Proprietary Marks on the web site except as we expressly permit, and any use you make of the Proprietary Marks will be under license from us. You may not post any of our proprietary, confidential or copyrighted material or information on your web site without our prior written permission. If you wish to modify your approved site, all proposed modifications must also receive our advance written approval.

5. You may not post on your web site any material in which any third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You agree to incorporate on your web site any other information we require in the manner we dictate.

6. The requirement for our prior approval set forth in this Section 8.10 will apply to all activities on the Internet or other computer communications network to be engaged in by you, except that you may conduct individual e-mail communications without our advance written approval, but you must obtain our prior approval if you propose to send advertising to multiple addresses via e-mail. You must maintain an e-mail address for your Business for use as a general-response address and you may not assign this e-mail address to any particular person at your Business. You agree to sign the Conditional Assignment of Telephone Numbers and E-Mail Addresses attached to this Agreement as Exhibit G. This assignment automatically

becomes effective upon termination or expiration without renewal of this Agreement. You may not use any of the Proprietary Marks (in whole or in part) as part of your e-mail address without our advance written approval, which we may withhold for any or no reason. Any e-mail address which we permit you to use that contains any of the Proprietary Marks (in whole or in part) will be our intellectual property, and will be deemed assigned to us by virtue of your use.

7. We will have the right to monitor your web site at all times.

8. You understand and agree that we shall have access to all information and data gathered by use of your web site(s) (including, without limitation, client lists).

9. You must obtain our advance written approval for each Internet domain name and/or home page address. You understand and agree that we will be, and at all times remain, the sole owner of the domain name for the web site(s) you maintain in connection with the franchised Business. We will arrange for the centralized registration of the domain name for each such web site.

10. We may furnish you with materials for your web site, which you must adapt, localize and utilize, but we will be and at all times remain the sole owner of the copyrights for all material which appears on your web site.

11. You agree not to establish or maintain any site on the World Wide Web, Internet or other on-line or networked service which we have not approved. You are prohibited from any involvement with such an unapproved site, whether as site owner, adviser, consultant or in any other capacity. Any web site which you establish or maintain which we have not approved will be considered the operation of a Competitive Business (as defined in Section 13.01 of this Agreement) and the diversion (or attempted diversion) of business from the franchised Business in violation of Section 13.01, and will be grounds for immediate termination of this Agreement, without any right to cure the default.

12. All revenues (including, without limitation, any advertising-related revenues) from any web site which you establish or maintain will be included in Gross Receipts for the purpose of calculating Continuing Royalties.

13. If we determine to list jobs on our web site or on one or more web sites maintained by third parties as part of a cooperative agreement, and you elect to submit or post jobs or candidates to any of these web sites, then you agree to give us all information we require, in the form that we require, to list your jobs or candidates.

14. All material and information which appears on any web sites you maintain in connection with the franchised Business will constitute "Confidential Information" as defined in Article 12 of this Agreement.

15. Upon the expiration or termination for any reason of this Agreement, you agree to irrevocably assign and transfer to us (or to another franchisee or other designee of ours) any and all interests you may have in all web sites you maintain in connection with the franchised Business. You agree to execute any documents and perform any other actions required by us to effectuate such assignment and transfer and otherwise ensure that all rights in these web sites revert to us (or to another franchisee or other designee of ours). Following the expiration or termination of this Agreement, you may not establish any web site using any similar or confusing domain names and/or e-mail addresses, you may not identify yourself on any web site as a former franchisee of ours, and you may not use the Proprietary Marks or any colorable imitation of any of them in any metatag.

WE WARRANT AND REPRESENT THAT WE HAVE THE AUTHORITY TO MAKE AVAILABLE TO YOU ANY WEB SITE WE MAY MAKE AVAILABLE TO YOU UNDER THIS AGREEMENT AND THE AUTHORITY TO PERMIT YOU TO MAINTAIN ANY WEB SITE(S) YOU MAINTAIN IN CONNECTION WITH THE FRANCHISED BUSINESS. WE DISCLAIM ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE, OF QUALITY OR PRODUCTIVENESS OR CAPACITY, IN CONNECTION WITH ANY WEB SITE WE MAY MAKE AVAILABLE TO YOU UNDER THIS AGREEMENT AND/OR ANY WEB SITE(S) YOU MAINTAIN IN CONNECTION WITH THE FRANCHISED BUSINESS. WE WILL NOT BE LIABLE (WHETHER IN CONTRACT, WARRANTY, TORT, OR OTHERWISE) TO YOU, THIRD PARTIES, OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER YOU, FOR ANY DAMAGES OR EXPENSES, INCLUDING BUT NOT LIMITED TO, ANY CONSEQUENTIAL DAMAGES, INCIDENTAL DAMAGES, LOST PROFITS AND/OR LOST BUSINESS, ARISING OUT OF OR IN CONNECTION WITH THE USE OF ANY WEB SITE WE MAY MAKE AVAILABLE TO YOU UNDER THIS AGREEMENT OR ANY WEB SITE(S) YOU MAINTAIN IN CONNECTION WITH THE FRANCHISED BUSINESS AND/OR OF ANY INABILITY OF YOU OR ANY OTHER PERSONS TO ACCESS OR UTILIZE ANY SUCH WEB SITE.

#### **8.11 Sales, Barter and Exchange**

You may not, without our prior written consent, offer or sell any products, services or programs, or sell, dispense, give away or provide any merchandise bearing the Proprietary Marks, except by means of retail sales transacted through the franchised Business. You may only engage in barter and exchange transactions if you report each transaction to us as provided in Sections 5.03 and 5.05 above.

#### **8.12 Indemnification**

You hereby agree that you will, at your sole cost, at all times defend us, our predecessor and affiliate companies, and subsidiaries, successors, assigns and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, designees, contractors and representatives of each (we and all others referenced above, the "Indemnities"), and indemnify and hold harmless us and the other Indemnities to the fullest extent permitted by law, from all losses and expenses (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement which actually or allegedly, directly or indirectly arises out of, is based upon, is a result of or is related to any of the following:

1. Any element of your Business;
2. Any claims by your creditors; any personal injury or death suffered by any client, applicant, candidate, visitor, employee or guest of the franchised Business;
3. Claims of any type or nature advanced by or against you or any of your officers, directors, shareholders, owners, management, agents, employees, affiliates, representatives and contractors (or any third party acting on your behalf or at your direction) by a third party (or, as applicable, against a third party) or between or among themselves;
4. Crimes committed on or near the Business Location or other facilities of the franchised Business;
5. Your operation of the franchised Business;

6. Claims of liability for services performed or products manufactured by third parties which are offered, sold or utilized by you, your Business;
7. Your alleged or actual infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties;
8. All web sites you maintain in connection with the franchised Business;
9. Your alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, regulation, ruling, standard or directive applicable to your Business, or of any industry standard;
10. Libel, slander or any other form of defamation by you;
11. Your alleged or actual violation or breach of any warranty, representation, agreement or obligation set forth in this Agreement;
12. Any acts, errors, neglects or omissions by you or the franchised Business, the officers, directors, shareholders, owners, management, employees, agents, servants, contractors, affiliates or representatives of you or the franchised Business and/or any of your applicants or candidates (or any third party acting on your behalf or at your direction), whether in connection with the franchised Business or otherwise, including (without limitation) injury or death suffered or caused by any delivery person or vehicle serving the franchised Business;
13. All liabilities arising from or related to your offer, sale and delivery of services (and any products) as contemplated by this Agreement;
14. Any service or product you provide at, from or related to the operation at the Business, the Business Location or any other facility of the Business;
15. Any action by any client, candidate or applicant of yours or any visitor to the Business Location or any other facility of the Business; and
16. Any damage to property belonging to you, us, our predecessors, or their, our or your officers, directors, management, agents, employees and contractors.

We exclude from your indemnification any liability arising from the gross negligence of Indemnities (except to the extent that joint liability is involved, in which case your indemnification extends to any finding of comparative negligence or contributory negligence attributable to you or any of the Indemnities, as the case may be).

For the purpose of this Section 8.12, the term "losses and expenses" includes all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; court costs and expenses; lost profits; reasonable attorneys' and experts' fees and disbursements; settlement amounts; judgments; compensation for damages to our reputation and goodwill; costs of or resulting from delays; travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals, or governmental or quasi-governmental entities (including those of Indemnities' attorneys and/or experts); and, all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation within three days after your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated

to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnities and to hold us and them harmless.

In order to protect persons or property, our reputation or goodwill, or the reputation or goodwill of others, we may, at any time we consider appropriate, offer, order, consent or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so.

All losses and expenses incurred under this Section 8.12 will be chargeable to and paid by you pursuant to your indemnity obligations under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense. We and the other Indemnities assume no liability for acts, errors, neglects or omissions of those with whom you may contract, regardless of the purpose. You agree to hold harmless and indemnify us and the other Indemnities for all losses and expenses which may arise out of any acts, errors, neglects or omissions of these third parties. Under no circumstances will we or the other Indemnities be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnities from you. The indemnification obligations of this Section 8.12 will survive the expiration or sooner termination of this Agreement.

#### **8.13 Inspection and Operational Audit**

You agree that we or any of our authorized agents or representatives may, upon prior written notice to you, at any time during normal business hours enter the Business Location and any other facilities of the franchised Business, and/or visit any locations at which you are rendering or have rendered services to clients, to conduct an inspection and operational audit. This inspection and operational audit will determine compliance with this Agreement and with our policies, procedures, programs, standards, specifications and techniques as set forth in our manuals. Our representatives may examine and inspect the Business Location, the programs and services provided from or at the Business Location, and the products and supplies contained in the Business Location. Our representatives may examine, and confer with your employees, candidates, applicants and clients.

Following any inspection and operational audit, and subject to the other provisions of this Agreement, you agree, at your own expense, to incorporate into your Business any corrections and modifications we require to maintain the standards of quality and uniformity we prescribe, as quickly as is reasonably possible and using all resources at your disposal.

#### **8.14 Services, Programs, Intellectual Property, Data, Products and Equipment You Develop**

You irrevocably and permanently license to us for incorporation in the GRN System and use by us, and (if we determine) other GRN franchisees, all of the following if developed by you or on your behalf in conjunction with or related to the franchised Business: programs, services, products, merchandise, goods, all data, client information, candidate information, and/or equipment used or sold by your Business; your means, manner and style of offering and conducting retail transactions in, at and from your Business Location; any business services or products developed for the franchised Business (including, without limitation, any computer software); all intellectual property created for, adopted by or purchased for the franchised

Business; and, all sales, marketing, advertising and promotional programs and campaigns developed by you or on your behalf. You agree that we, our Affiliates and franchisees will not be liable to you in any manner, whether for compensation or otherwise, as a consequence of this license.

#### **8.15 Trade Accounts**

You agree to maintain your trade accounts in a current status (meaning payment net 30 days) and to seek to promptly resolve any disputes with trade suppliers. If you do not maintain your trade accounts in a current fashion, we may pay any or all of the accounts on your behalf, but we will have no obligation to do so. If we pay any accounts on your behalf, then you agree to immediately repay us as provided by Section 5.07. If you do not keep your trade accounts current or make immediate repayment to us, this will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

#### **8.16 No Statements by You**

You agree to make no statements or comments without our advance written approval to any media representative or any other third party (except for persons considering purchasing a GRN franchise) relating to the contents of this Agreement.

#### **8.17 Hours of Operation**

You agree to continuously operate the Business on the days and during the minimum hours (for example, 8:00 a.m. to 5:00 p.m. local time) that we may from time to time specify in our manuals or otherwise. You may establish hours of operation in addition to the required minimum hours.

#### **8.18 Bookkeeping and Accounting**

You agree to use any standard electronic accounting forms and other accounting forms that we may furnish as part of our Manual or otherwise. You agree to submit all electronic or other bookkeeping reports that we prescribe in our Manual. You will be solely responsible for performing all bookkeeping, recordkeeping and accounting duties prescribed under this Agreement or in the Manual and for bearing the costs of these activities.

#### **8.19 Submission of Non-Financial Reports**

Upon our reasonable request, you agree to complete and submit to us the weekly, monthly, semi-annual or other periodic reports (whether electronic or otherwise) regarding the activity of the franchised Business that we prescribe in our manuals.

#### **8.20 Variance of Standards and Terms**

You acknowledge that because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, as we may consider in the best interests of all concerned, to vary standards for any GRN franchisee based on any condition which we consider important to the successful operation of the franchisee's GRN Business. You will have no right to require us to disclose any variation to you or to grant you the same or a similar variation under this Agreement.

You further agree that we will have the right to grant franchises using the GRN System and the Proprietary Marks under terms that may differ materially from the terms of this Agreement. For this reason, our obligations and rights with respect to our various GRN franchisees may from time to time differ materially from the terms of this Agreement, without in any way altering or affecting the provisions of this Agreement. You will have no right to require

us to disclose any variation to you or to grant you the same or a similar variation under this Agreement.

## **9. INSURANCE**

### **9.01 Required Insurance Coverage**

We impose and prescribe minimum standards and limits for certain types of required insurance coverage, in our manuals or by other written notice to you. You agree that we may modify the required minimum limits of insurance coverage from time to time by written notice to you, through Supplements to the Manual or otherwise. Upon delivery or attempted delivery of this written notice, you agree to immediately purchase insurance conforming to the newly established standards and limits we prescribe.

A. Prior to the completion of the Initial Training Program, you agree to purchase at your own expense, and maintain in effect at all times during the term of this Agreement, the following categories of insurance coverage in forms and through insurance companies satisfactory to us which are licensed to do business in the state in which your Business is located and which have an A.M. Best's insurance rating of at least "A":

1. Broad form comprehensive general liability coverage and broad form contractual liability coverage satisfactory to us of at least \$1,000,000 per occurrence. This insurance may not have a deductible or self-insured retention of over \$5,000.
2. Errors and omissions insurance and employment practices liability insurance in the amount of at least \$1,000,000 per occurrence.
3. A policy covering non-owned automobile liability covering bodily injury of \$1,000,000 per occurrence.
4. Insurance coverage of such types, nature and scope sufficient to satisfy your indemnification obligations under Section 8.12 of this Agreement.

B. The insurance coverage that you acquire and maintain, as set forth in subsection (A) of this Section 9.01, must:

1. Name us and the other Indemnities identified in Section 8.12 as additional insureds for claims arising from your franchised Business' operation and provide that the coverage afforded applies separately to each insured against whom claim is brought as though a separate policy had been issued to each insured (except for the insurance coverages provided in subsection 9.01(A) above).
2. Contain no provision which in any way limits or reduces coverage for you if there is a claim by any one or more of the Indemnities.
3. Extend to and provide indemnity for all obligations assumed by you under this Agreement and all other items for which you are required to indemnify us under this Agreement.
4. Be primary to and without right of contribution from any other insurance purchased by Indemnities.
5. Provide, by endorsement, that we are entitled to receive at least 30 days prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy.



You agree not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these insurance policies without our written consent.

If there is a claim by any one or more of the Indemnities against you, you must, upon our request, assign to us all rights which you then have or thereafter may have with respect to the claim against the insurer(s) providing the coverages described in this Section 9.01.

#### **9.02 No Undertaking or Representation**

Nothing in this Agreement may be considered our undertaking or representation that the insurance that you are required to obtain or that we may obtain for you will insure you against any or all insurable risks of loss which may arise out of or in connection with the operation of the franchised Business.

#### **9.03 Certificates of Insurance**

You agree to promptly provide us with Certificates of Insurance evidencing the required coverage no later than the date that the franchised Business will commence operations. You agree to renew all insurance policies and documents, and on renewal, to furnish a renewal Certificate of Insurance to us before the expiration date of the policy in question. We may at any time require you to forward to us full copies of all insurance policies.

#### **9.04 Notice of Claims and Demands**

You agree to notify us of all claims or demands against us, you, or the franchised Business within three days of your receiving notice of any such claim or demand. You also agree to respond to all claims within the time required by law, rule or regulation. In addition, you agree to cooperate with us (or our designee) in every way possible to defend you and us against all claims made by employees, clients or other third parties. You agree to make all appearances we consider necessary at administrative or other hearings to present or reinforce these defenses.

#### **9.05 Failure to Purchase Insurance**

If you fail to purchase or maintain any insurance required by this Agreement, your failure will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

### **10. ADVERTISING**

#### **10.01 Advertising Standards**

For the purpose of this Agreement, the term "advertising" is defined to mean any and all advertising, identification and promotional materials and programs of any type or nature whatsoever including (but not limited to) print and broadcast advertisements; direct mail materials; catalogues; brochures; advertising specialties; World Wide Web/Internet pages or other communications by computer network or computer "bulletin boards"; World Wide Web/Internet "banner ads" and other advertising material on the World Wide Web/Internet; stationery; business cards; press releases; signs; posters; displays; leaflets; newspaper and magazine advertisements and inserts; promotional mail outs; general mailings; telephone greetings, messages and voicemail accessible by clients or other third parties; promotional material on videotape, CD-ROM or other electronic media; promotional literature; and, any other material or communication which we denominate as "advertising," in our Manual or otherwise.

You may only use advertising which we have either furnished or approved in writing in advance, as provided in Section 10.02 below. Neither the fact that we furnish the material,

approve of the material, nor the material itself, will directly or indirectly require us to pay for any advertising, identification or promotion.

You agree to conduct all advertising which uses the Proprietary Marks or refers in any way to the franchised Business in a dignified manner, and in a manner calculated to avoid fraud, deception, misrepresentation and/or embarrassment, shame, ridicule, disparagement or liability of any type or nature whatsoever accruing to us, you, the franchised Business, the GRN System, or other GRN franchisees. You agree to conform all advertising to the standards, specifications and requirements specified in writing by us, in our Manual or otherwise.

If we learn that you have breached the provisions of this Section 10.01, we will notify you in writing of the facts which we believe have given rise to the breach. If you do not cure the breach within three days following delivery of this notice, then we may terminate or remove any unauthorized advertising at your expense, and will also be entitled to terminate this Agreement unilaterally and immediately upon notice to you.

### **10.02 Submission of Proposed Advertising**

Except for advertising materials, programs and campaigns furnished to you by us, you agree to submit to us for approval, before use or dissemination, copies of all proposed advertising (as broadly defined in Section 10.01 above). Our approval of any materials may be withheld for any or no reason. If we do not respond within ten business days following our documented receipt of your proposed advertising material, this will constitute approval.

You acknowledge that the grant or denial of approval by us under this Section 10.02 will not give rise to any liability on our part, and you waive any possible claims against us alleging any such liability.

### **10.03 Telephones**

You agree to provide telephone service for the Business with one direct line. No other business may be transacted or advertised using any Business telephone number except for another GRN Business. You may not obtain (800), (888) or similar telephone numbers or use any telephone numbers containing any of the Proprietary Marks (in whole or in part), except as we may set forth in our manuals. You agree to sign the Conditional Assignment of Telephone Numbers and E-Mail Addresses attached to this Agreement as Exhibit G. This assignment automatically becomes effective upon termination or expiration without renewal of this Agreement.

## **11. RECORDS, AUDITS AND REPORTING REQUIREMENTS**

### **11.01 Financial Statements**

A. No later than ninety days following the end of each of your fiscal years during the term of this Agreement, upon our written request, you agree to furnish to us, in a form we approve, a statement of the franchised Business's profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year, prepared on a compilation basis and certified to be true and correct by you. We reserve the right to require these annual financial statements to be audited by an independent certified public accountant. These financial statements must be prepared in accordance with generally accepted accounting principles, including all disclosures required under those principles.

B. No later than 30 days following your filing of the annual tax returns of the franchised Business, upon our written request, you agree to furnish to us exact copies of the tax returns, including federal, state and any local income tax returns, together with a certificate from

an independent certified public accountant that all Social Security payments, taxes and fees required to be paid by you to any governmental agency or entity have been paid, and that if you are a corporation, there is no reason to believe that your corporate status has been impaired.

C. You authorize us to incorporate in our franchise disclosure document and/or promotional literature information derived from the above financial statements in statistical form together with information from other GRN franchisees and without specifically identifying you.

## **11.02 Financial Records and Audit**

A. You agree to record all revenues received by you or the franchised Business and all expenditures. You further agree to keep and maintain adequate records of these revenues and expenditures, and to maintain and preserve accurate books, records and tax returns, including related supporting material (such as cash receipts, and credit and charge records) for the franchised Business for at least five years. If you are licensed to operate more than one GRN Business, then you agree to maintain separate books and records for each GRN Business we license you to operate. All books and records of the Business you operate under this Agreement must be maintained at the Business Location or at another location you designate for this purpose. We may specify, in our Manual or otherwise, the forms (electronic and/or otherwise) that you will be required to use in recording the revenues and expenditures of the franchised Business. You agree to keep and preserve for three years the types and classes of records (electronic and/or otherwise) that we require in our Manual or otherwise, and all business, personnel, financial, operating and placement records (electronic and/or otherwise) relating to your Business as well as individual tax returns and individual banking records for each principal of the franchised Business. If you do not maintain the required records, this will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

B. We and/or our agents (who may be outside accountants and auditors), designees and/or employees will have the right, at any time, with written notice, during normal business hours, to enter your Business Location and any other premises from which the Business is conducted to inspect, audit and make copies of all records including, but not limited to, the following: books of accounts; bank statements (for both your business and your principals); cash or other receipts; checkbooks; documents; records; sales and income tax returns (federal, state, foreign and, if applicable, city for both your Business and your principals); and, your files relating to placements made, business transacted and expenditures relating to the Business. These files must include (without limitation) your operating records; bookkeeping and accounting records; client lists; candidate lists, applicant lists, job orders; operating records; operating reports; correspondence; general business records; your copy of the Manual (as amended); invoices; payroll records; journals; ledgers and your files; memoranda and other correspondence; contracts and all sources and supporting records used to prepare reports and forms which you are required to submit to us under this Agreement, including the books or records of any corporation or person(s) that owns the franchised Business. You agree to make any of these materials available for examination at your premises.

C. If we cause an audit to be made for any period and the audit reveals that you understated the Gross Receipts in your monthly reports to us by any amount, then you agree to immediately pay us within fifteen days after receiving written notice from us of the understatement the additional amount payable as shown by the audit, plus the applicable late charge, plus interest at the rate of 18% per year, or if this rate exceeds the highest rate permitted under applicable law, then at the highest rate permitted by law.

If an audit reveals that you understated the Gross Receipts on your monthly reports to us by 3% or more for any month within the period of examination, or for the entire period of examination, when compared to your actual Gross Receipts, then in addition to paying the additional amounts due and interest as calculated above within fifteen days after receiving written notice from us, you agree to immediately pay us the full cost of the audit for the entire period of examination at the same time.

If an audit reveals an understatement by you of 5% or more for any month within the period of examination or for the entire period of examination in any one year, or an understatement by you of 3% or more for any month within the period of examination or for the entire period of examination in any two years, then in addition to paying the additional amounts due, interest as calculated above and the full cost of the audit for the entire period of examination, your understatement will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

## **12. CONFIDENTIAL INFORMATION**

### **12.01 Restriction on Your Use of Our Confidential Information**

You agree to use and permit the use of our Confidential Information (as defined below) solely in connection with the operation of the franchised Business. You further agree that you will never, directly or indirectly, during the Initial Term or any Renewal Term of this Agreement, or at any time after this Agreement expires or terminate, or your rights of under this Agreement are assigned, divulge or use any Confidential Information for the benefit of any other person, corporation, partnership, proprietorship, association, or other entity, nor will you directly or indirectly permit the disclosure of, imitate or aid any such third party to imitate any of the Confidential Information.

“Confidential Information” is defined as any and all information, data, knowledge, trade secrets or know-how concerning our systems of operation, programs, services, products, clients, candidates, the processes utilized to gather clients and/or candidates, or practices. Confidential Information also includes (without limitation) all information, knowledge, know-how, techniques and information which we, our Affiliates, or their officers, contractors, employees and/or designees, have either provided to you or you have learned in connection with or relating to the operation of the franchised Business.

You understand that, as of the date of execution of this Agreement, Confidential Information includes the following (without limitation): services, products, technologies and procedures relating to the permanent staffing services business; present or future components of the GRN System; our Manual and Supplements to the Manual; techniques for soliciting and processing job applicants, candidates, employees, employers, and clients; past, present or future applicants for employment, candidates, employees, employers, and clients; any and all records pertaining to job applicants, candidates, employees, employers, and clients, invoices or billings; accounting procedures; quality control procedures; methods of advertising and promotion; sales and promotional materials; recordkeeping systems and materials; forms and reports; additions to, deletions from, and modifications of the GRN System or the systems and methods of operations we employ now or in the future; files and records concerning job orders and job applicants/candidates (both past and then-current); any and all data and information gathered or learned by you or provided to you during the term of this Agreement, information relating to job orders and job applicants/candidates made available through the GRN Exchange Program; staffing employee and applicant lists and records (including, without limitation, past and current applications and resumes); computer software, data and information contained on

storage disks, tapes or on other media, no matter in what format, used in the operation of the franchised Business; printouts, data, and other information pertaining to computer operations, codes, procedures and programming; and, other components, specifications, standards, requirements and duties which we impose on GRN franchisees; and, all other components, specifications, standards, requirements and duties which we or our Affiliates impose.

Except as authorized in this Agreement, you agree never to copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing the Confidential Information in whole or in part; store it in a computer, data base or other electronic format; or, otherwise make it available to any third party by sale, transfer, assignment or any other means whatsoever. Upon the expiration or termination of this Agreement, you agree to return to us (or, upon our request, destroy and certify such destruction to us) all Confidential Information, including all materials, books, records, manuals, data, information, computer data bases, together with any and all data and information stored thereon, software and manuals considered confidential under this Agreement which are then in your possession.

You and your management, sales personnel and employees (if any) and (if the franchise has been assigned to a corporation) your officers, directors, and shareholders, may only use and divulge such Confidential Information as is necessary to operate the franchised Business, and then only on a "need to know" basis, to those of your officers, directors, shareholders, sales personnel, employees, management personnel, agents or independent contractors who need access to it for this purpose. You agree to take all necessary precautions to ensure that these individuals and all individuals listed in Section 13.04 retain the Confidential Information in confidence and comply with the restrictions of this Section 12.01. Your agreement to procure execution of our Confidentiality/Non-Competition Agreement from these individuals is set forth in Section 13.04 below.

### **13. COVENANTS NOT TO COMPETE**

#### **13.01 Covenants Not to Compete**

You agree that during the Initial Term and any Renewal Term of this Agreement, you will not, directly or indirectly, maintain, operate or engage in any other business that provides the same or similar products and services as a GRN Business, including, without limitation, personnel placement services offering candidates to companies for hire, or that offers or sells franchises or licenses for any business providing the same or similar products and services as a GRN Business (collectively "Competitive Business"). This restriction during the Initial Term and any Renewal Term of this Agreement applies without any geographic restriction.

In addition, you also agree that:

(a) for a continuous and uninterrupted period of 1 year immediately following the expiration or termination (for any reason) of this Agreement, you will not, directly or indirectly, maintain, operate or engage in any Competitive Business from a location anywhere within the states of Illinois, Florida, South Carolina, and Texas;

(b) for a continuous and uninterrupted period of two years immediately following the expiration or termination (for any reason) of this Agreement, you will not, directly or indirectly, maintain, operate or engage in any Competitive Business from a location within the Restricted Territory. In this section, Restricted Territory shall mean your former Business Location, the geographic area within a 100-mile radius from your former Business Location (with the Business Location's front entrance as its center), and the geographic area within a 100-mile radius from any GRN Business's location (with the location's front entrance as its center) or from the perimeter of (or within) any then-existing (i.e., on the effective date of the expiration or

termination) GRN Business's franchise territory. You are prohibited, directly or indirectly, from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, advisor, or consultant. In addition, you agree not to divert any business that should be handled by the franchised Business to any other person or entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a Competitive Business. Nothing in this Section will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as you do not control the company in question;

(c) for a period of two years after the termination (for any reason) or expiration of this Agreement, you are prohibited, directly or indirectly, from soliciting any client company, employer, job applicant, candidate and/or third party with which you had contact within the context of a completed personnel placement transaction during the twenty-four-month period prior to such termination or expiration, for the purpose of making one or more personnel placements. A "client company" includes, without limitation, third parties, companies, and/or employers that you have entered into agreement(s) with, for the purpose of placing a job applicant or a candidate, at any time during the term of this Agreement, regardless of whether a placement was made and invoiced. For purposes of clarification, a client company also includes any third party, employer, and/or client an invoice has been issued to on your behalf at any time during the term of this Agreement; and

(d) it is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant. Should you or any such restricted person or entity violate any of the covenants or restrictions herein, GRN shall not be deprived of the full benefit of the full period of the restrictive covenant(s). The term of such covenants and restrictions shall automatically be extended for a period of one year or two years (as applicable) from the date you (or a restricted person or entity) cease such violation or, if GRN brings or commences a legal action for injunctive or other relief, the date of entry of a court order or judgment enforcing the covenant or restriction, whichever is later. The covenants in this Section shall survive the expiration, termination or cancellation of this Agreement. Each of these covenants shall be construed as independent of any other covenant or provision of this Agreement. The covenants contained in this Section are severable and contain different but overlapping restrictions that shall be enforced simultaneously whenever permitted by applicable law. If any provision of any covenant shall be held to be invalid or unenforceable in any respect, you and we agree that such provision shall be modified to the extent necessary to permit its enforcement, and the remaining provisions shall be unaffected thereby. You specifically acknowledge and agree that the geographic and temporal restrictions on your ability to compete with our franchisees are reasonable and necessary to protect our and our franchisees' business interests in the relevant markets. You also agree to comply with these provisions because you likewise benefit from having other franchisees in the GRN System agree to these restrictions.

The individual(s) signing this Agreement as "Franchisee" (and any individual who is an assignee of such a person) agree to confine his/her/their activities solely to the operation of the Business and further agree to cause each owner of the franchise and management employees (if any) to refrain from any of the competitive activities described above in any manner which we reasonably request. Your agreement to procure execution by certain individuals of our

Confidentiality/Non-Competition Agreement is set forth in Section 13.04 below. If the franchise has been assigned to a corporation, you agree to confine your corporate activities solely to the operation of the Business and further agree to cause your shareholders (or, if a publicly traded corporation, shareholders owning 5% or more of the issued and outstanding stock of the franchisee corporation), managers, directors and officers, and your management employees (if any), to refrain from any of the competitive activities described above in any manner which you reasonably request.

### **13.02 Lesser Included Covenants Enforceable At Law**

If all or any portion of the covenants not to compete set forth in this Article 13 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You expressly agree to be bound by any lesser covenant subsumed within the terms of this Article 13 as if the resulting covenants were separately stated in and made a part of this Agreement.

### **13.03 Enforcement of Covenants Not To Compete**

You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction, without the posting of any bond or other security by GRN, prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. Further, you expressly agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees that we incur in connection with the enforcement of the covenants not to compete set forth in this Agreement.

### **13.04 Procurement of Additional Covenants**

You agree to require and obtain the execution of our Confidentiality/Non-Competition Agreement (Exhibit H), from all of the following persons: (i) if you employ any management employees of the Business, before their employment or any promotion; (ii) if this Agreement has been assigned to a corporation, all your officers, directors and shareholders and those of any corporation directly or indirectly controlling you at such time as they assume such status; and, (iii) all of the persons enumerated in the covenants not to compete set forth in this Agreement as intended to be embraced by them. You agree to furnish us with copies of all executed Confidentiality/Non-Competition Agreements no later than ten days following their execution.

### **13.05 Your Enforcement of Confidentiality/Non-Competition Agreements**

You agree to vigorously and vigilantly prosecute breaches of any Confidentiality/Non-Competition Agreement executed by any of the individuals referenced in Section 13.04, and you acknowledge our right, to be exercised in our sole judgment, to ourselves enforce the terms of each such executed Confidentiality/Non-Competition Agreement, including, without limitation, our right to bring civil actions to enforce its terms. You agree to prosecute such actions to the fullest extent permitted by law. Moreover, if provisions of our Confidentiality/Non-Competition Agreement have been breached by an individual employed, engaged or otherwise serving the franchised Business, but who has not executed a Confidentiality/Non-Competition Agreement,

you must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law.

## **14. ASSIGNMENT; RIGHT OF FIRST REFUSAL**

### **14.01 Assignment By Us**

We will have the right to assign this Agreement, and all of our rights and privileges under this Agreement, to any person, firm, corporation or other entity, provided that, if the assignment results in the performance by the assignee of our functions under this Agreement: (i) the assignee must, at the time of the assignment, be financially responsible and economically capable of performing our obligations under this Agreement, and (ii) the assignee must expressly assume and agree to perform these obligations.

You agree and affirm that we may sell our company, our assets, our Proprietary Marks and/or our System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of "Global Recruiters Network, Inc." as the "Franchisor" under this Agreement. You specifically waive all other claims, demands or damages arising from or related the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

If we assign our rights in this Agreement, nothing in this Agreement requires us to remain in the business of franchising GRN Businesses or to offer or sell any services or products to you.

### **14.02 Assignment By You – General**

With respect to your obligations under this Agreement, this Agreement is personal, since we have entered into this Agreement in reliance on and in consideration of your singular personal skill and qualifications (or, if this Agreement has been assigned to a corporation, the personal skill and qualifications of that corporation's owners), and the trust and confidence that we repose in you (or your owners, if you are an entity). Therefore, except as provided below, neither your interest in this Agreement, your rights, privileges or obligations under this Agreement, the franchised Business, nor any interest in the franchised Business or an entity franchisee, may be assigned, sold, transferred, shared, reconsidered, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without first obtaining our written consent in accordance with this Article 14 or without first complying with our right of first refusal pursuant to Section 14.06 below.

This Agreement is your personal obligation. None of your rights to use the GRN System, Proprietary Marks, Confidential Information and Manual are transferable except in strict compliance with the terms of this Agreement. Any actual or attempted assignment, transfer or sale of this Agreement, the franchised Business, you yourself (if an entity) or of any interest in any of these, in violation of the terms of this Article 14 will be null, void and of no effect, and will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.



“Assignment” for the purposes of this Agreement includes (without limitation):

A. The transfer, issuance or redemption in the aggregate of more than a 10% interest in the franchise (or any lesser percentage sufficient to control the franchisee or the franchised Business owned by a person executing this Agreement as “Franchisee” or a person who is an assignee of a person who executed this Agreement as “Franchisee,” as the term “control” is most broadly defined by any United States securities and/or corporate and/or partnership law), as originally constituted on the date of execution of this Agreement, to any person or entity who is not (i) already a person who executed this Agreement as “Franchisee” (or a person who is an assignee of a person who executed this Agreement as “Franchisee”), or (ii) the spouse of such a person.

B. The transfer, issuance or redemption in the aggregate of more than 10% of the capital stock or voting power of a corporate franchisee (or any lesser percentage sufficient to control the corporate franchisee or the franchised Business, as the term “control” is most broadly defined by any United States securities and/or corporate law), as originally constituted on the date of execution of this Agreement, to any person or entity who is not (i) already your shareholder, or, (ii) the spouse of any of your shareholders.

You agree to immediately report to us all transfers of ownership, in accordance with the procedures set forth in our Manual or otherwise.

#### **14.03 Assignment By You – To A Corporation or Limited Liability Company You Form**

If you would like to transfer your interest in this Agreement to a corporation or a limited liability company you form solely for the convenience of corporate or organizational ownership, you must obtain our advance written consent. We will not unreasonably withhold consent if all the following conditions are met:

1. The corporation or limited liability company must be newly organized and duly incorporated, and its activities must be confined to acting exclusively as a GRN franchisee.
2. The individual(s) who signed this Agreement as the “Franchisee” must be the sole owner(s) of all the stock of the corporation or the sole member(s) of the limited liability company. In the event of a corporation, if there are more than one such persons, one of them must be its principal officer (or the sole owner[s] of 75% or more of all stock of the corporation, with the remaining stockholders being the spouse and/or adult children of such individual[s]). In the event of a limited liability company, if there is more than one member, then one of them must be its principal member (or the sole owner[s] of 75% or more of all membership interests of the entity, with the remaining members being the spouse and/or adult children of such individual[s]).
3. If the franchisee consists of more than one individual, each individual must have the right to the same proportionate ownership interest in the corporation or limited liability company as he or she had in the franchised Business before the transfer.
4. You and the corporation or limited liability company must execute an agreement with us under which you and the corporation or limited liability company agree to be jointly and severally liable for all the obligations to us under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each then current and future shareholder of the corporation or member of the limited liability company owning 5% or more of your issued and

outstanding stock or membership interests must agree in writing to personally guarantee the performance by the corporation or limited liability company of your obligations under this Agreement, and to be individually bound by all the terms and conditions of this Agreement and any other agreements between you and us, in the form of Exhibit I to this Agreement.

5. Each present and future shareholder of the corporation or member of the limited liability company, and each officer and director of the corporation or officer and manager (whether member-managed or manager-managed) of the limited liability company, must execute our Confidentiality-Non-Competition Agreement in the form of Exhibit H to this Agreement.
6. The name of the corporation or limited liability company formed by you may not include the Proprietary Mark "GRN," any variant of "GRN" or any words confusingly similar to "GRN".
7. All stock certificates of the corporation must be endorsed with the following legend, conspicuously placed:

"The transfer of this stock is subject to the terms and conditions of a Franchise Agreement dated [date of this Agreement] between Global Recruiters Network, Inc. and [Name of Franchisee]. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of Global Recruiters Network, Inc."
8. The articles of incorporation or organization, bylaws and other organizational documents of the corporation or limited liability company must state that the issuance and transfer of any interest in the corporation or limited liability company are restricted by the terms of this Agreement. You must furnish us with your articles of incorporation or organization; bylaws; other governing documents; list of officers, directors and shareholders or members (including number and percentage of shares or membership interests held); and any other documents we may reasonably request, and any amendments to them.

Any transfer pursuant to this Section 14.03 will not be subject to our rights of first refusal under Section 14.06 below, and will not require payment of a transfer fee.

Your organizational documents may not be modified without our prior written consent. No mortgage, charge, lien, encumbrance, assignment, pledge, transfer or other security interest in respect of any of your shares, capital stock or equity interests may be created in favor of any person(s) or entity(ies) without our prior written consent. No shares of stock or membership interests in you may be sold or transferred without our prior written consent. Any unauthorized sale, transfer, assignment, encumbrance, pledge, mortgage, transfer or hypothecation of your stock without the prior consent of us will give us the right to terminate this Agreement immediately upon notice to you.

You (and any assignee) must promptly notify us in writing of any change in any of the information specified in this Section 14.03 or in any document referred to in this Section.

The requirements of this Section 14.03 will also apply to any later corporate assignee or other legal entity assignee.

#### **14.04 Assignment By You – Sale To Third Party**

A. You may not sell or otherwise assign or transfer the franchise conveyed by this Agreement, the franchised Business, or any interest in any of these, without our prior written consent. If we do not elect to exercise our right of first refusal (as provided in Section 14.06 below), then we will not unreasonably withhold consent to the assignment and sale. You agree that it will not be unreasonable for us to impose, among other requirements, the following conditions to consenting to the assignment and sale:

1. That you comply with the right of first refusal provisions of Section 14.06 of this Agreement.
2. That the proposed assignee applies to us for acceptance as a franchisee, and furnishes to us the information and references that we request to determine the proposed assignee's skills, qualifications, financial condition, background and history, reputation, economic resources and ability to assume your duties and obligations under this Agreement and any related agreement. You must pay the costs of any such investigations conducted by us (including, without limitation, our travel, lodging, meal and personnel expenses related to our investigatory trips to your market, including trips engaged in under subsection "3" below).
3. That the proposed assignee (or, if an entity, the principals of the proposed assignee) presents himself for a personal interview at our corporate office, or any other location we designate, at the date and time we reasonably request, without expense to us.
4. That the assignee (or the principal officers, shareholders or directors of a corporate assignee, or if any other entity, the principals of the assignee entity) demonstrates that he has the skills, qualifications, ethics, moral values and economic resources necessary, in our reasonable judgment, to conduct the Business contemplated by this Agreement, and to fulfill your obligations to the assignor.
5. That the proposed assignee (or, if an entity, the principals of the proposed assignee) have attended and successfully completed our Initial Training Program before the assignment, and any other training that we reasonably require, at the assignee's expense (which will include a training fee and the cost of the trainee's transportation to any training, lodging, food and other living expenses).
6. If your Business Location is located in a Commercial Premises, that the lessor or sublessor of the Business Location consents in writing to the assignment of your lease or sublease to the proposed assignee.
7. That as of the date of the assignment, the assignor has cured any existing defaults under any provisions of this Agreement and any other agreement or arrangement with us or our Affiliates, and has fully satisfied all of your accrued monetary and other obligations to us and our Affiliates under this Agreement and any other agreement or arrangement with us or our Affiliates.
8. That if this Agreement is being assigned, or the franchised Business is being sold, the assignee executes a separate Franchise Agreement in the form and on the terms and conditions we then offer to prospective franchisees who are similarly situated (except that the assignee will not be obligated to pay another Initial Franchise Fee and the Continuing Royalty will be that specified in this Agreement through the scheduled date of expiration of the Initial Term of this

Agreement). The term of this new Franchise Agreement will expire on the date of expiration of this Agreement unless we and the assignee otherwise agree. The execution of the new Franchise Agreement will terminate this Agreement, except for your guarantees and the post-termination and post-expiration provisions under this Agreement.

9. If the proposed assignee is purchasing part or all of an interest in a corporate or partnership franchisee to this Agreement, then the proposed assignee must execute a Confidentiality/Non-Competition Agreement in the form of Exhibit H to this Agreement and a Guarantee in the form of Exhibit I to this Agreement.
10. That the assignor (and all persons who have executed this Agreement as "Franchisee" and all shareholders of a corporate assignor) executes a general release.
11. That the assignor pays us a transfer fee of \$2,500. There is no transfer fee for transfers to immediate family members. However, a training fee may be applicable.
12. That the Total Sales Price is not so excessive, in our sole determination, that it jeopardizes the continued economic viability and future operations of the franchised Business and/or the assignee. "Total Sales Price" means all consideration of every kind paid or payable to you or any other person, in connection with the assignment or transfer of the franchise, the Agreement or the franchised Business, whether the consideration is money, property or any other thing or service of value including, but not limited to, consideration received for your Business, rights under this Agreement, contracts, goodwill, restrictive covenants, equipment, furniture, accounts receivable, any consulting salary or other fees or arrangements, whether the consideration is received in the present or promised to be given to the assignor in the future.
13. That the assignee must be an individual or, if we consent, a corporation.
14. That if the assignee is a corporation, all of the applicable requirements set forth under Sections 13.04, 13.05, 14.03, 14.04 and 14.05 are complied with, including the execution of Confidentiality/Non-Competition Agreements in the form of Exhibit H by those persons required to sign by Section 13.04 and the procurement of guarantees executed by shareholders of the assignee in the form of Exhibit I to this Agreement.
15. That the assignor furnishes us with a copy of the proposed contract of assignment and any related agreements and, promptly following execution, a copy of the executed contract of assignment and any related agreements.
16. That the assignee, at its expense, upgrades the operational methods and systems of the Business to conform to our then current specifications and standards for franchised GRN Businesses, including all Optional Modifications to the GRN System (as defined in Section 8.03) which we adopted but you have not heretofore chosen to implement, and completes this process within the time reasonably specified by us.
17. That you remain liable for all the obligations to us arising out of or related to this Agreement before the effective date of the transfer or assignment, and execute all instruments reasonably requested by us to evidence this liability.

18. That the assignor complies with the terms of the post-term covenant not to compete set forth in Section 13.01, commencing on the effective date of the assignment.

B. You agree to defend at your own cost and to indemnify and hold harmless us and the other Indemnities (as defined in Section 8.12) from and against any and all losses, costs, expenses (including attorneys' and experts' fees and disbursements), court costs, travel and lodging costs, personnel costs, claims, demands, damages, liabilities, however caused (whether or not the losses, costs, expenses, court costs, travel and lodging costs, personnel costs, travel and lodging costs, claims, demands, damages or liabilities are reduced to judgment), resulting directly or indirectly from or pertaining to any statements, representations or warranties that may be given by you or any other assignor to any proposed assignee of the franchise, or any claim that you or the assignor engaged in fraud, deceit, violation of franchise laws or other illegality in connection with the negotiations leading to the consummation of the assignment. The indemnification obligations set forth in this subsection B will survive the expiration or early termination of this Agreement.

#### **14.05 Assignment By You – Transfer Upon Death or Disability**

Upon the death or disability (as defined below) of you (if a single individual) of your last surviving owner or shareholder, that person's rights and the rights granted under this Agreement will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate"). The Estate may continue the operation of the franchised Business if: (i) the Estate provides a competent and qualified individual acceptable to us to serve as business manager and operate your Business on a full-time basis; (ii) this individual attends and successfully completes our next offered Initial Training Program at the Estate's expense; and, (iii) this individual assumes full-time operation of the franchise as business manager within two months of the date you or your last surviving principal, partner or shareholder dies or becomes disabled. In the alternative, the Estate may sell the franchise within two months in accordance with the provisions of Section 14.04.

If the Estate does not designate a business manager, the Estate's designated business manager does not attend and satisfactorily complete our Initial Training Program and assume the full-time operation of the franchised Business within two months, or, in the alternative, if the Estate does not sell your franchise within two months in accordance with the provisions of Section 14.04, this will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 17.03, will result in this Agreement being terminated immediately.

"Disability" means any physical, emotional or mental injury, illness or incapacity which prevents or will prevent a person from performing the obligations set forth in this Agreement for at least ninety consecutive days. Disability will be determined either after this ninety-day period or upon examination of the person by a licensed practicing physician selected by us before the end of the ninety-day period, when we reasonably believe that person to be disabled. If the person refuses to submit to an examination, then the person will be automatically considered permanently disabled as of the date of the refusal. We will pay the costs of any examination required by this Section.

From the date of death or disability until a fully trained and qualified business manager assumes full-time operational control of the franchised Business, we may assume full control of and operate the franchised Business, but will have no obligation to do so. If we do so, then during this period, we will deduct our expenses for travel, lodging, meals, and all other expenses and fees from the Business's Gross Receipts and pay ourselves a management fee equal to the greater of (i) two times the salary paid to the individual(s) assigned by us to operate the

Business, or (ii) 10% of the Business's weekly Gross Receipts. This management fee will be in addition to the Continuing Royalties due us. We will then remit any remaining funds to your Estate. The Estate must pay us any deficiency in sums due to us under this Agreement within ten days of our notifying the Estate of the deficiency. We will not be obligated to operate your Business. If we do so, we will not be responsible for any operational losses of the Business, nor will we be obligated to continue operating the Business.

#### **14.06 Right of First Refusal**

Your rights to assign, transfer, redeem or sell any interest in this Agreement or the franchised Business, voluntarily or by operation of law (as provided above), will be subject to our right of first refusal. We will exercise our right of first refusal in the following manner:

1. You must deliver to us a true and complete copy of the proposed assignee's offer (the "Notice") and furnish to us any additional information concerning the proposed transaction and the proposed assignee that we reasonably request.
2. Within 30 days after our receipt of the Notice (or, if we request additional information, within 30 days after receipt of the additional information), we may either consent or withhold our consent to the assignment or redemption, in accordance with this Article, or at our option, accept the assignment to ourselves or to our nominee, on the terms and conditions specified in the Notice. However, we will be entitled to all of the customary representations and warranties given by the seller of assets of a business, including (without limitation) representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and your contingent and other liabilities affecting the assets.
3. If a partial transfer is proposed through the assignment or redemption of more than 25% of the capital stock of a corporate franchisee to other than the original shareholders of the franchisee or of more than 25% of ownership interests to other than the original owners of the franchisee, then we will have the option to purchase not only the interests being transferred but also the remaining interests, so that our resulting ownership will be 100% of the franchisee entity. The price of these remaining interests will be proportionate to the price of the interests initially being offered.
4. Our credit will be considered equal to the credit of any proposed purchaser. We may substitute cash for any other form of payment proposed in the offer.
5. If we exercise our right of first refusal, we will be given at least sixty days after notifying you of our election to exercise our right of first refusal to prepare for closing. If your Business Location is located in a Commercial Premises, you agree to take all action necessary to assign your lease with the lessor of the Business Location to us.
6. If we elect not to exercise our right of first refusal and we consent to the proposed assignment or redemption, then you will, subject to the provisions of this Article, be free to assign this Agreement or the franchised Business to your proposed assignee on the terms and conditions specified in the Notice. If, however, the terms are changed, the changed terms will be considered a new offer, and we will have a right of first refusal with respect to this new offer.
7. Our election not to exercise our right of first refusal with regard to any offer will not affect our right of first refusal with regard to any later or modified offer. If we

do not exercise our right of first refusal, this will not constitute approval of the proposed transferee, assignee, redemption or the transaction itself. You and any proposed assignee must comply with all the criteria and procedures for assignment of the franchise, the Agreement and/or the franchised Business specified in this Article 14.

#### **14.07 No Encumbrance**

You will have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement or the franchised Business in any manner without our prior written permission, which we may withhold for any reason.

### **15. PROPRIETARY MARKS**

#### **15.01 Your Non-Ownership of Proprietary Marks**

Nothing in this Agreement will give you any right, title or interest in or to any of our (or our Affiliates') Proprietary Marks except as a mere privilege and license, during the term of this Agreement, to display and use the Proprietary Marks according to the limitations set forth in this Agreement. You understand and agree that the limited license to use the Proprietary Marks granted by this Agreement applies only to the Proprietary Marks shown on Exhibit B (if we do not subsequently designate them as being withdrawn from use), together with those which we may later designate in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any our Proprietary Marks by virtue of the limited license granted under this Agreement, or by virtue of your use of any of the Proprietary Marks. All of your uses of the Proprietary Marks, whether as a trademark, service mark, trade name or trade style, will inure to our benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with your use of the Proprietary Marks or operation of the franchised Business, including any "local goodwill."

You acknowledge that our rights in the Proprietary Marks are not limited to the specific presentation or configuration of any of them, but rather extend to all combinations and displays of the words and/or designs elements thereof and extend to all translations of them in any language. Further, you acknowledge and agree that our rights in and to the Proprietary Marks are not limited to such rights as may be conferred by registrations thereof or by applications for registrations but, instead, include extensive common law and other rights in the Proprietary Marks vested in us as a result of their use by us and other authorized parties.

#### **15.02 Acts in Derogation of the Proprietary Marks**

You agree that the Proprietary Marks are our exclusive property. You assert and will in the future assert no claim to any goodwill, reputation or ownership of the Proprietary Marks by virtue of your licensed use of the Proprietary Marks, or for any other reason. You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Proprietary Marks, either during or after the term of this Agreement. You agree not to apply for or obtain any trademark or service mark registration of any of the licensed Proprietary Marks or any confusingly similar marks in your own name. You agree to use the Proprietary Marks only for the uses and in the manner licensed under this Agreement and as provided in this Agreement. You agree that you will not, during or after the term of this Agreement, in any way dispute or impugn the validity of the Proprietary Marks, our rights to the Proprietary Marks, or the rights to use the Proprietary Marks of us, our Affiliates, other franchisees of ours or other third parties to whom we may have licensed the Proprietary Marks.

### **15.03 Use and Display of Proprietary Marks**

A. You must not use, and must not permit or cause another to use, the Proprietary Marks except in the manner and to the extent specifically licensed to you under this Agreement. You agree that each use you make of any Proprietary Mark will accurately portray the Mark and that the Mark will not be used or portrayed in a manner which jeopardizes the goodwill associated with the Mark or the GRN System. You agree to use the Proprietary Marks in full compliance with rules we prescribe from time to time in our Manual or otherwise. You are prohibited (except as expressly provided in this Agreement) from using any Proprietary Mark with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by us to you). You may not use any Proprietary Mark in connection with the sale of any unauthorized service, product or program or in any other manner not explicitly authorized in writing by us. You may use the Proprietary Marks only for the operation of the franchised Business or in advertising for the franchised Business. Your right to use the Proprietary Marks is limited to the uses authorized under this Agreement. Any unauthorized use of the Proprietary Marks by you will constitute an infringement of our rights and a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately upon notice to you, with no opportunity to cure.

B. You may not use the Proprietary Marks in any way which will incur any obligation or indebtedness on our behalf. You agree to comply with our instructions in filing and maintaining all requisite trade name or fictitious name registrations, and in executing any documents considered necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

C. You agree to affix our Proprietary Marks on signs, stationery, advertising, sales/promotional materials and other objects, in the size, color, lettering style and fashion and at the places which we designate in our Manual or otherwise. You also agree to display the Proprietary Marks and relevant trademark and copyright notices pursuant to the requirements set forth in our manuals. Except as expressly provided in our manuals or otherwise, you may not erect or display in or on your Business, stationery, advertising, sales or promotional materials or any other objects any other trademarks, logotypes, symbols or service marks. You may not use any names, marks or logotypes other than the Proprietary Marks in connection with the franchised Business without our advance written approval.

D. Without limiting the generality of the above requirements, you must use the Proprietary Mark "GLOBAL RECRUITERS NETWORK®." In all advertisements and promotional materials, you must always follow the Proprietary Mark "GLOBAL RECRUITERS NETWORK®" by a noun or phrase which is descriptive of your franchise. You must give the Proprietary Mark "GLOBAL RECRUITERS NETWORK®" equal prominence than the balance of your name or the requisite descriptive noun or phrase. All your bank accounts, stationery, promotional materials, invoices, permits, agreements or similar documents must contain your actual name and a notice that you are a member of the Global Recruiters network. If you breach the provisions of this subsection (D), we can terminate this Agreement immediately, without notice to cure.

### **15.04 Non-Use of Trade Name**

If you are a corporation, you may not use our Proprietary Marks or any confusingly similar words or symbols, in your corporate name. In particular, you may not use the words "GRN," "Global Recruiters Network, Inc.," or any variant as part of your corporate, partnership or limited liability company name.



### **15.05 Required Means of GRN Identification**

You must conduct your Business under the assumed business name ("ABN") of "GRN GLOBAL RECRUITERS of \_\_\_\_\_" or "GRN \_\_\_\_\_." Your ABN may not take any other form. You agree, at your expense, to perform all required filings and procure all required or necessary governmental approvals or registrations required to do business under your ABN. You agree to identify yourself conspicuously in all dealings with clients, search consultants, public officials, Business personnel and others as the owner, operator, and manager of the Business under a franchise that we have granted. If you use your ABN on any print advertising or marketing, web site, or social media site, you must clearly and concisely identify your Business.

### **15.06 Our Defense of Proprietary Marks and Copyrights**

If you receive notice, are informed or learn of any claim, suit or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks or any of our copyrights (each, a "claim"), you agree to promptly notify us. We will then promptly take any action we may consider necessary to protect and defend you against the claim and indemnify you against any loss, cost or expense incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks or copyrights. You may not settle or compromise the claim by a third party without our prior written consent. We will have the right to defend, compromise and settle the claim at our sole cost and expense, using our own counsel. You agree to cooperate fully with us in connection with the defense of the claim. You grant irrevocable authority to us, and appoint us as your attorney in fact, to defend and/or settle all claims of this type. You may participate at your own expense in the defense or settlement, but our decisions with regard to the settlement will be final.

We will have no obligation to defend or indemnify you pursuant to this Section 15.06 if the claim arises out of or relates to your use of any of the Proprietary Marks and/or our copyrights in violation of the terms of this Agreement.

### **15.07 Prosecution of Infringers**

If you receive notice, are informed or learn that any third party which you believe is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, you agree to promptly notify us. We will then determine whether or not we wish to take any action against the third party on account of the alleged infringement of our Proprietary Marks. You will have no right to make any demand or to prosecute any claim against any alleged infringer of our Proprietary Marks for or on account of an alleged infringement.

### **15.08 Discontinuance or Substitution of Proprietary Marks**

If it becomes advisable at any time, in our sole judgment, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then you agree to comply with our instructions. Our only obligation if this happens will be to reimburse you for your documented expenses of compliance, such as changing signs, stationery, etc. You waive any other claim arising from or relating to any Proprietary Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Proprietary Mark addition, modification, substitution or discontinuation except as provided above in this Section. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

## **16. RELATIONSHIP OF THE PARTIES**

### **16.01 Independent Contractor**

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employee. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees.

You may not, without our advance written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided for in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Business. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the franchised Business.

You agree to conspicuously identify yourself and your Business – in all dealings with clients, employees, candidates, applicants, contractors, suppliers, public officials and others – as our independent franchisee. You agree to place this notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials in the fashion that we may specify and require from time to time, in our manuals or otherwise.

## **17. DEFAULT AND TERMINATION**

### **17.01 Termination By Us – Automatic Termination Without Notice**

You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, and we will have no further obligation to deliver any goods and services to you, if: you, the franchised Business or the business to which the franchise relates is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you or the franchised Business and is not immediately contested and/or dismissed within sixty days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, the franchised Business or assets of either is filed and consented to by you; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law are instituted by or against you or the franchised Business; you are dissolved; execution is levied against you, the franchised Business or your property; or, the real or personal property of the franchised Business is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

## **17.02 Termination By Us Upon Notice – No Opportunity To Cure**

You will have materially breached this Agreement and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you), after which we will have no further obligation to deliver any goods and services to you, upon the occurrence of any of the following events:

1. You do not commence operation of the franchised Business within the time limits specified in Section 8.01 of this Agreement; you at any time cease to operate the franchised Business; you abandon the franchise relationship; or, you abandon the franchise by failing to operate the Business for five consecutive days during which you are required to operate the Business under this Agreement (or any shorter period of time after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to operate the franchise), unless your failure to operate is due to fire, flood, other acts of God or other similar causes beyond your control.
2. You omitted or misrepresented any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement.
3. We and you agree in writing to terminate this Agreement.
4. You (or any principal of a corporate franchisee) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to your operation of the franchised Business, or is likely to have an adverse effect on the GRN System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks.
5. A threat or danger to public health or safety results from your continued operation of the franchised Business.
6. You (or any principal of a corporate franchisee) purport to transfer any rights or obligations under this Agreement, any interest in you or the franchised Business to any third party in violation of the terms of this Agreement.
7. You do not comply with the covenant not to compete during the term of this Agreement; violate the restrictions pertaining to the use of Confidential Information contained in this Agreement; or, do not obtain the execution of the additional covenants required in Article 13 of this Agreement.
8. Before the commencement of operations of the franchised Business, we determine that a Designated Trainee has failed to attend or successfully complete our Initial Training Program.
9. You fail to attend more than one mandatory Global Workshop within a consecutive three (3)-year period and then fail to attend the next mandatory meeting offered by GRN.
10. You conceal revenues; knowingly maintain false books or records; falsify information or otherwise defraud or make false representations to us; or, knowingly submit any substantially false report to us.

11. You do not maintain the financial records required by Section 11.02.
12. We cause an audit to be made for any period and the Gross Receipts as shown by your monthly statements submitted to us are found to be understated by 5% or more for any month within the period of examination, or for the entire period of examination in any one year, or understated by 3% or more for any month within the period of examination or for the entire period of examination in any two years.
13. You refuse us permission to inspect, or to conduct an operational and/or financial audit of, your Business, books, records, and other documents pursuant to our right to do so set forth in Sections 8.13 and 11.02.
14. You take, withhold, misdirect or appropriate for your own use any funds withheld from your employees' wages which should have been set aside for the franchised Business's employees' taxes, FICA, insurance or benefits; wrongfully take or appropriate for your own use our property or funds; systemically fail to deal fairly and honestly with your employees or clients; or knowingly permit or, having discovered the facts, fail to take any action against or to discharge any agent, servant or employee who has embezzled our funds or property or that of any clients or others.
15. After curing a default pursuant to Section 17.03, you commit the same act of default again within six months of the first act of default.
16. You do not keep your trade accounts current (that is, net 30 days) or make the immediate repayment(s) to us for any amounts advanced by us on your behalf, as specified in Section 8.15.
17. You make a willful misrepresentation or do not make a material disclosure required by any governmental authority regarding any matter involving or affecting the operations of your Business.
18. You do not comply with any of the requirements of subsection 15.03(D) concerning the use of the Proprietary Mark "GLOBAL RECRUITERS NETWORK."
19. You do not cure any default under this Agreement which materially impairs the goodwill associated with our Proprietary Marks following delivery of written notice to cure at least seventy-two hours in advance.
20. You do not comply, for a period of ten days after notification of non-compliance by us or any governmental authority, with any federal, state or local law or regulation applicable to the operation of the franchised Business.
21. You execute the GRN Exchange Program Agreement and subsequently refuse to honor an Exchange Arbitration decision.
22. You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice.
23. You do not pay any Continuing Royalty or other amounts due to us or our Affiliates, within ten days following your receipt of written notice that the fees or payments are overdue.
24. You fail, refuse or neglect to obtain our advance written approval where consent is required by this Agreement.

25. You offer or sell as part of your franchised Business any unapproved program, service or product, or do not continue offering and selling all programs, services and products which are a part of the GRN System, or do not use and disseminate (as applicable) all materials, notices and procedures specified by us.
26. You use or duplicate any aspect of our System, services, programs or products in an unauthorized fashion.
27. You do not devote the amount of your time and attention and best efforts to the performance of your duties under this Agreement necessary for the proper and effective operation of the franchised Business.
28. You do not purchase or maintain any insurance required by this Agreement, or do not reimburse us for our purchase of insurance on your behalf.
29. You breach the provisions of Section 10.01 relating to advertising standards and do not cure this breach within three days following written notice of the breach by us.

### **17.03 Termination by Us – Thirty Days to Cure**

Except as provided above, you will have thirty calendar days after we furnish you with a written notice of default in accordance with the terms of Section 27.01 of this Agreement to remedy any default under this Agreement (or, if the default cannot reasonably be cured within this period, to initiate action to cure the default within that time), and to provide us with evidence that you have done so. If you have not cured any default within that time (or, if appropriate, you have not initiated action to cure the default within that time) or any longer period that applicable law may require, this Agreement, and all rights granted to you hereunder, will terminate immediately and automatically upon expiration of the thirty-day period, or any longer period required by applicable law, and we will have no further obligation to deliver any goods and services to you.

You will be in default of this Agreement for any failure to substantially comply with any of the requirements imposed upon you by this Agreement, as it may from time to time be supplemented by our Manual and all Supplements to the Manual, or otherwise, or to carry out the terms of this Agreement in good faith. These defaults include, without limitation, the following events:

1. You fail, refuse or neglect to pay promptly when due any money owing to us or our Affiliates, or to submit the financial and non-financial reports and other information required to be submitted to us under this Agreement, our Manual or other written notice, or you make any false statements in connection with any reports or other information required to be submitted to us.
2. You do not maintain any of the standards or follow any of the procedures prescribed by us in this Agreement, our Manual or other written notice.
3. You engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to our Proprietary Marks.
4. You do not pay employee taxes when due or do not pay any obligations to any third parties which may result in liability to us.
5. You do not use the Proprietary Marks solely in the manner and for the purposes directed by us.

6. You violate the restrictions pertaining to advertising or do not participate in the programs related to advertising and sales promotion set forth in Article 10 of this Agreement.
7. You do not indemnify us as required by this Agreement.
8. By act or omission, you permit a continued violation in connection with the operation of the franchised Business of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief.
9. You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the franchised Business, us or the GRN System.
10. You do not maintain and operate your franchised Business in strict compliance with our standards of quality and maintenance (which standards may be changed or modified from time to time in our Manual or otherwise).
11. You do not operate the Business during the days and hours we specify in this Agreement, in our Manual or otherwise.
12. Following the death or disability of you (if a single individual) or your last surviving owner or shareholder, continued operation of the franchised Business or an approved assignment is not effectuated within the time specified in Section 14.05.
13. You do not comply with any other lawful provision or requirement of this Agreement or any specification, standard or operating procedure prescribed by us pursuant to this Agreement.

#### **17.04 Your Failure to Pay**

Your failure to make payments of any Continuing Royalties, GRN Bundle Fees or other money due and owing to us, after you receive notice of the default from us granting an opportunity to cure, will be considered your willful and wrongful breach under this Agreement and your decision to reject and terminate this Agreement and all related agreements between you and us or our Affiliates.

#### **17.05 Cross Default**

Any default or breach by you of any other agreement between us or our Affiliates and you will be considered a default under this Agreement, and any default or breach of this Agreement by you will be considered a default or breach under any and all other agreements between us (or any of our Affiliates) and you. If the nature of the default under any other agreement would have permitted us to terminate this Agreement if the default had occurred under this Agreement, then we (or our Affiliate) will have the right to terminate all the other agreements between us (or any of our Affiliates) and you in the same manner provided for in this Agreement for termination of this Agreement.

#### **17.06 Notice Required By Law**

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits our rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. We will not, however, be

precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

## **18. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION**

### **18.01 Further Obligations and Rights on Termination or Expiration**

If this Agreement expires or terminates for any reason or is assigned by you, you will cease to be an authorized GRN franchisee and you will lose all rights to the use of our Proprietary Marks, the GRN System, all Confidential Information and know-how owned by us and any goodwill (including "local" goodwill) engendered by the use of our Proprietary Marks and/or attributed to your conduct of the franchised Business.

Upon expiration or earlier termination of this Agreement for whatever reason, or upon assignment of this Agreement, you agree to:

1. Immediately pay all sums due and owing to us or our Affiliates, plus interest calculated as provided in Section 5.08(b) above, and all sums due and owing to any landlord, employees, taxing authorities, advertising agencies and all other third parties.
2. Discontinue the use of all Proprietary Marks, and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a GRN Business, or any similar business. You may not use, in any manner or for any purpose, directly or indirectly, any of our Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by you by virtue of the relationship established by this Agreement, including (without limitation): GRN services, CAPSX Software®, other software programs and products; specifications or descriptions of our services, programs and products; lists of clients, applicants, candidates, employees, suppliers and independent contractors; our Manual and any Supplements to the Manual; forms, advertising matter, marks, devices, signs, insignia, slogans and designs used in connection with the franchised Business; telephone numbers relating to the franchised Business; and, the systems, procedures, techniques, criteria, concepts, designs, advertising and promotion techniques, specifications, and all other components, specifications and standards, which comprise (or in the future may comprise) a part of the GRN System. You must not identify yourself to third parties as a former franchisee of ours.
3. Take all necessary action to cancel any assumed name or equivalent registration which contains any Proprietary Marks of ours, or any variant, within fifteen days following termination or expiration of this Agreement. If you fail or refuse to do so, we may, in your name, on your behalf and at your expense, execute all documents necessary to cause discontinuance of your use of the name "GRN," or any related name used under this Agreement. You irrevocably appoint us as your attorney-in-fact to do so. You must not identify yourself to third parties as a former franchisee of ours.
4. We will have the right, at any time between the effective date of termination or expiration and the 90th day after the effective date, with written notice, during regular hours, to enter the Business Location (or other location[s] where the

records are maintained) to inspect, audit and make copies of all records including, but not limited to: books of accounts; bank statements; cash or other receipts; checkbooks; documents; records; sales tax returns and income tax returns (federal, state and, if applicable, city); your files relating to programs, services and products sold and business transacted, including (without limitation) operating records, bookkeeping and accounting records; records, computer databases and any other information (electronic or otherwise) concerning clients, employees, applicants, candidates and service providers; client job orders; operating records; operating reports; correspondence; general business records; invoices; payroll records; journals; ledgers; and, your files, memoranda and other correspondence, contracts and all sources and supporting records used to prepare reports and forms which you are required to submit to us under this Agreement, including the books or records of any corporation or individual(s) which owns the franchised Business.

You agree to make these materials available for examination and copying at your Business Location, to cooperate fully with our inspection and audit and to make complete records available to us. You agree not to destroy, damage, hide or take any steps to prevent us from obtaining any information relating to your franchised Business, including (without limitation) information which you store in the computer(s) of the franchised Business.

If we cause an audit to be made under this provision, and the audit finds the Gross Receipts and business transacted shown by the statements you submitted to us to be understated for any month(s) within the period of examination, or for the entire period of examination itself, when compared to your actual Gross Receipts, then you agree to immediately pay us the full cost of the audit for the entire period of examination, the additional amounts payable as shown by the audit, plus the required late fee, plus interest at the rate of 18% per year, or if this rate exceeds the highest rate permitted under applicable law, then at the highest rate permitted by law.

5. If we terminate because of your default or you terminate through failure to make payment following notice to cure (pursuant to Section 17.04), pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to our Proprietary Marks and reputation, and travel and personnel costs. This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of the assets, property, furnishings, equipment, signs, fixtures and inventory owned by you or the franchised Business at the time of termination and against any of your money which we are holding or which is otherwise in our possession.
6. Immediately send to us, by United Parcel Service or other trackable delivery service, the following: Manual, Supplements to the Manual, Confidential Information, and any and all other manuals, printed materials of any type obtained from us, items in subsection 11 below, and retain no copies of any of these materials; employer, client, job applicant, candidate and employee lists, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear our Proprietary Marks or slogans or insignias or designs, advertising contracts,



forms and other materials or property of ours, and any copies of them in your possession which relate to the operation of the franchised Business. You agree that the foregoing items, materials, employer, client, job applicant, candidate and employee lists, files, data, information, software and other similar items will be deemed to be our exclusive property for all purposes.

7. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.
8. Cease using the telephone numbers listed under the name “GRN or Global Recruiters Network” or any other confusingly similar name or, upon our written demand, direct the telephone company to transfer the telephone numbers listed for the franchised Business to us or to any other person and location that we direct. If you do not promptly direct the telephone company to do so, you irrevocably appoint us as your attorney-in-fact to direct the telephone company to do so.
9. Strictly comply with the post-termination/post-expiration covenants not to compete set forth in Article 13 of this Agreement and continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in Article 12 of this Agreement.
10. Immediately refrain from engaging in any contacts with employers, clients, job applicants and candidates.
11. Immediately surrender to us all computer software, information, data, data storage drives, disks or tapes and all other media, together with all data and information contained in or on such drives, disks, tapes, or other media, used in the operation of the franchised Business, printouts, and other information pertaining to computer operations, codes, procedures and programming. You agree not to destroy, damage, hide or take any steps to prevent us from obtaining any information or data which you had stored in the computer system of the franchised Business. You agree not to retain any printouts, drives, disks or tapes, or other media containing any of the programs, information or data stored in the computer system, drives, disks, tapes or other media.
12. Perform all reasonable redecoration and remodeling of the Business Location as we consider necessary in our reasonable judgment to distinguish the Business Location from a GRN Business.

## **18.02 No Prejudice**

The expiration or termination of this Agreement will be without prejudice to our rights against you, and will not relieve you of any of your obligations to us at the time of expiration or termination, or terminate your obligations which by their nature survive the expiration or termination of this Agreement.

## **19. UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE)**

### **19.01 Unavoidable Delay or Failure to Perform (Force Majeure)**

Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; floods, natural disasters; acts of God; war; civil commotion; any governmental act or regulation; any delays or defaults in deliveries by

common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; and any other similar event beyond such party's control — will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

Notwithstanding the foregoing, if any such failure or delay continues for more than 180 days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon 30 days advance written notice to you.

## **20. WAIVER AND DELAY**

### **20.01 Waiver and Delay**

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by you under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

## **21. NOTICE OF OUR ALLEGED BREACH**

### **21.01 Notice of Our Alleged Breach**

You agree to give us immediate written notice of any alleged breach or violation of this Agreement and/or any other claims you may have against us, after you have constructive or actual knowledge of, believe, determine or are of the opinion that there has been an alleged breach of this Agreement by us, including, without limitation, any acts of misfeasance or nonfeasance.

If you are fully complying with this Agreement and we do not correct the alleged breach or violation within thirty (30) days after you deliver to us written notice of the alleged breach or violation or, if we cannot correct the alleged breach or violation within thirty (30) days, do not give you within thirty (30) days after your notice reasonable evidence of our effort to correct the breach or violation within a reasonable time (which may extend beyond that thirty (30) days), you may terminate this Agreement effective an additional thirty (30) days after you deliver to us written notice of termination. (The time period during which we may cure any alleged breach or violation after your delivery of notice is called the "Cure Period.") However, if we send you written notice during the Cure Period indicating that either (1) we do not agree that we have breached or violated this Agreement or (2) we have fully corrected the breach or violation, then you may not terminate this Agreement. If you disagree with our position and still wish to terminate this Agreement, you must commence an arbitration proceeding seeking a declaration of your right to terminate this Agreement.

This Agreement will remain in full force and effect during the arbitration proceeding (unless we terminate it under Article 17 above). If the arbitrator determines that we are in or did not fully correct a breach or violation, we will have an additional thirty (30) days following the arbitrator's ruling to correct the breach or violation. If we fail to do so, you may terminate this Agreement immediately upon delivery of written notice. Your termination of this Agreement other than according to this Section 21.01 will be deemed a termination without cause and a breach of this Agreement.

If you do not give written notice to us of any alleged breach of this Agreement and/or any other claims you may have against us within one year from the date that you have knowledge of, believe, determine or are of the opinion that there has been an alleged breach by us (whether or not you have sought to default us and terminate this Agreement as provided above), then our alleged breach will be considered to be condoned, approved and waived by you and will not be considered to be a breach of this Agreement by us, and you will be permanently barred from commencing any action against us, and/or seeking to terminate this Agreement in accordance with the provisions above, for the alleged breach or violation.

## **22. OUR RIGHT TO CURE DEFAULTS**

### **22.01 Our Right To Cure Defaults**

In addition to all other remedies granted pursuant to this Agreement, if you default in the performance of any of your obligations, or breach any term or condition of this Agreement or any related agreement, then we may, at our election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to you, cure the default on your behalf. Our cost of curing the default and all related expenses will be due and payable by you on demand.

## **23. OUR WITHHOLDING OF CONSENT – YOUR EXCLUSIVE REMEDY**

### **23.01 Our Withholding of Consent – Your Exclusive Remedy**

In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement. You waive any such claim for damages. You may not claim any such damages by way of set-off, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

## **24. DISPUTE RESOLUTION**

### **24.01 Dispute Resolution**

Except as provided in Sections 24.02 and 25.01, all controversies, disputes, claims, and matters in question arising between you and us, arising out of, or relating to this Agreement or the breach thereof or our and your relationship, shall be decided by arbitration in accordance with the then current Commercial Arbitration rules of the American Arbitration Association. Either party may apply to the American Arbitration Association for a determination of the dispute as set forth in the notification thereof by the originating party. The parties agree that the arbitration shall take place in DuPage County, Illinois, and shall be governed by the Federal Arbitration Act, and shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof, including a federal district court, pursuant to the Federal Arbitration Act. The arbitrator shall have no authority to select a hearing locale other than as described in the prior sentence. The fees and expenses of the arbitrator shall be shared equally by both parties. In preparation for the arbitration hearing, each party may utilize all methods of discovery authorized by the Federal Rules of Civil Procedure, and may enforce the right to such discovery in the manner provided by said Rules.

We reserve the right, but have no obligation, to advance your share of the costs (excluding attorneys' fees) 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 our right to seek the recovery of these costs in accordance with Section 29.01 below.

You and we agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our Affiliates, and our and their respective owners, officers, directors, agents and/or employees, and you (and/or your owners, guarantors, affiliates and/or employees) may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary contained in this Section 24.01, 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, 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 a court permitted under Article 29 of this Agreement.

Despite the parties' agreement to arbitrate, each party has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that they must contemporaneously submit their dispute for arbitration on the merits as provided in this Section.

The provisions of this Section 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.

#### **24.02 Dispute as to Payment of Fees**

Controversies, disputes, and matters in question regarding the filing of any report and the payment of any fees or other sums required to be paid by the Franchisee, may be excludable from the foregoing arbitration procedure, at the sole option of GRN, and GRN may commence the appropriate action in the appropriate state court located in DuPage County, Illinois or the federal court for the Northern District of Illinois located in Chicago, Illinois pursuant to Section 29.04.

### **25. INJUNCTION**

#### **25.01 Injunction**

You explicitly affirm and recognize the unique value and secondary meaning attached to the GRN System and the Proprietary Marks. Accordingly, you agree that any non-compliance by you with the terms of this Agreement, or any unauthorized or improper use of the GRN System or the Proprietary Marks by you, will cause irreparable damage to us and other GRN franchisees. You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the GRN System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the entry of these temporary and permanent injunctions without the posting of any bond or other security by GRN.

### **26. INTEGRATION OF AGREEMENT**

#### **26.01 Integration of Agreement**

This Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements; provided, however, that nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we provided to you.

## 26.02 No Oral Modification

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. You expressly acknowledge that our obligations are confined exclusively to the terms in this Agreement.

## 27. NOTICES

### 27.01 Notices

Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by documented overnight delivery with a reputable carrier; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to us will be addressed to us at:

Global Recruiters Network, Inc.  
200 S. Wacker Drive  
Suite 1300  
Chicago, IL 60606  
Attention: CEO

Any notice to you will be addressed to you at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Either party to this Agreement may, in writing, on ten days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

## 28. MISCELLANEOUS

### 28.01 Execution, Construction and Interpretation; Further Acts

A. This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile execution signatures will be considered as binding and conclusive as if original, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document(s) at the earliest opportunity.

B. The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against us or you.

C. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

D. The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

E. Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

## **28.02 Severability**

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

## **28.03 Rights of Parties are Cumulative**

The parties' rights under this Agreement are cumulative, and the parties' exercise or enforcement of any right or remedy under this Agreement will not preclude the parties' exercise or enforcement of any other right or remedy which they are entitled by law to enforce.

## **29. COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; VENUE**

### **29.01 Costs of Enforcement**

We will be entitled to recover from you, our reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, in any action instituted against you to secure or protect our rights under this Agreement, or to enforce the terms of this Agreement, or in any action commenced or joined in by you against us.

### **29.02 Attorneys' Fees**

If we become a party to any action or proceeding arising out of or relating to this Agreement, any and all related agreements, or the franchised Business; as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, management, employees, contractors and/or representatives) or the franchised Business; by virtue of statutory, "vicarious," "principal/agent" or other liabilities imposed on us as a result of our status as your franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

### **29.03 Governing Law**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), or other federal law, this Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Illinois, without recourse to Illinois (or any other) choice of law or conflicts of law principles, except that any Illinois law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If, however, any provision of this Agreement would not be enforceable under the laws of Illinois, and if the franchised Business is located outside of Illinois and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 29.03 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of Illinois or any other state, which would not otherwise apply.

### **29.04 Venue**

Any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, that are excluded from the dispute resolution procedure contained in Section 24.01, will be instituted exclusively in a state court of competent jurisdiction in DuPage County, Illinois, or federal court for the Northern District of Illinois located in Chicago, Illinois, or the location of our principal office, if outside the State of Illinois. You agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Illinois, or the location of our principal office, if outside the State of Illinois. You hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of "forum non conveniens").

### **29.05 Punitive Damages**

In no event will we be liable to you for punitive damages in any action or proceeding arising out of or relating to this Agreement; any breach, termination, cancellation or non-renewal of this Agreement; or, in any other action or proceeding whatsoever between the parties to this Agreement and/or any of their Affiliates. You hereby waive and covenant never to advance any such claim for punitive damages.

## **30. LIABILITY OF "FRANCHISEE"; GUARANTEE**

### **30.01 Liability of "Franchisee"; Guarantee**

The terms "Franchisee" and "you" as used in this Agreement will refer to each person executing this Agreement as "Franchisee," whether that person is one of the spouses, owners, or persons named as included in you, and will apply to each of these persons as if he/she were the only named Franchisee in this Agreement. If you are a married couple, both husband and wife executing this Agreement will be liable for all your obligations and duties as Franchisee under this Agreement as if the spouse were the sole Franchisee under this Agreement. If more than one person executes this Agreement as "Franchisee," each person executing this Agreement will be liable for all obligations and duties of Franchisee under this Agreement. If this Agreement is assigned to a corporation, all shareholders of the corporation will be liable for

all obligations and duties of Franchisee under this Agreement as if each shareholder were the sole franchisee under this Agreement.

All shareholders or persons named as included in you must be citizens of the United States or legally-resident aliens.

If this Agreement is assigned to a corporation, then all then current and future shareholders owning 5% or more of your issued and outstanding stock must execute our standard form Guarantee (Exhibit I), pursuant to which these individuals guarantee all your obligations and duties.

If you are in breach or default under this Agreement, we may proceed directly against each such individual and/or entity without first proceeding against you and without proceeding against or naming in the suit any other such individuals and/or entities. Your obligations and those of each such individual and/or entity will be joint and several. Notice to or demand upon one such individual and/or entity will be considered notice to or demand upon you and all such individuals and/or entities, and no notice or demand need be made to or upon all such individuals and/or entities. The cessation of or release from liability of you or any such individual and/or entity will not relieve any other individual and/or entity from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

## **31. SURVIVAL**

### **31.01 Survival**

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement.

This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

## **32. YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS**

### **32.01 Your Acknowledgments**

You acknowledge, warrant and represent to us that:

1. You have received from us a copy of our Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen calendar days before the execution of this Agreement and at least fourteen calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement [and, in the states where required, at least 10 business days before the execution of this Agreement and the payment by you to us of any consideration].
2. No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the offering of one or more of the services contemplated to be offered by the franchised Business.
3. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have



other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.

4. You affirm that all information set forth in all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

The following acknowledgments are made by and binding upon all franchisees signing this Agreement, except those franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

- A. No representation has been made by us (or any of our employees, agents or salespersons) and relied on by you as to the future or past income, sales volume or potential profitability, earnings or income of the franchised Business, or any other GRN Business, other than any information that may be provided in Item 19 of our Franchise Disclosure Document.
- B. Except as provided in our Franchise Disclosure Document, no representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding our anticipated income, earnings and growth or that of the GRN System, or the viability of the business opportunity being offered under this Agreement.
- C. You acknowledge that you are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of the franchised Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or any prospectus, disclosure document or other similar document required or permitted to be given to you pursuant to applicable law.
- D. Before executing this Agreement, you have had the opportunity to contact all our existing franchisees.
- E. You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your own choosing. You have been advised to consult with your own advisers with respect to the legal, financial and other aspects of this Agreement, the franchised Business, and the prospects for that Business. You have either consulted with these advisors or deliberately declined to do so.
- F. You understand and assume the business risks inherent in this enterprise.
- G. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR FRANCHISE DISCLOSURE DOCUMENT, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM.
- H. YOU HAVE READ ALL OF THE FOREGOING AGREEMENT.

### **33. SUBMISSION OF AGREEMENT**

#### **33.01 Submission of Agreement**

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF US.

YOU ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

### **34. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

#### **34.01 No Waiver or Disclaimer of Reliance in Certain States**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

***[Signature Page Follows]***

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

Attest:

\_\_\_\_\_  
Witness/Date

**FRANCHISEE:**

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

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Print Name)

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

Attest:

\_\_\_\_\_  
Witness/Date

**FRANCHISOR:**

**GLOBAL RECRUITERS NETWORK, INC.**

By: \_\_\_\_\_  
(an authorized officer)

## **EXHIBIT A**

### **FRANCHISED BUSINESS LOCATION; DESIGNATED TRAINEES**

Your Business Location as defined in Section 2.01 will be at \_\_\_\_\_

\_\_\_\_\_

Your Designated Trainee(s) as defined in Section 7.03 of the Franchise Agreement will be:

\_\_\_\_\_

## **EXHIBIT B**

### **PROPRIETARY MARKS**

The Proprietary Marks as defined in Section 1.02 of the Franchise Agreement will consist of the following trademarks together with any marks which we may later designate in writing.

“GLOBAL RECRUITERS®”

“GLOBAL RECRUITERS NETWORK®”

“GRN GLOBAL RECRUITERS NETWORK®”

“CONSULTING AND PLACEMENT SOLUTIONS—CAPSX™”

“PEOPLE CREATE PERFORMANCE—PERFORMANCE CREATES PROFIT®”

“PLANNER CENTRIC SOLUTIONS®”

“GRNmatch™”

“THE LEADER IN PROFESSIONAL TRANSITION®”

“CAPSX Software®”

**EXHIBIT C**  
**PROMISSORY NOTE**

\$ \_\_\_\_\_

Chicago, Illinois

**FOR VALUE RECEIVED**, the undersigned (hereinafter "MAKER"), promises to pay to the order of Global Recruiters Network, Inc., a Delaware corporation (hereinafter "HOLDER"), 200 S. Wacker Drive, Suite 1300, Chicago, IL 60606, or at such other place HOLDER may, from time to time, designate in writing, the principal sum of \_\_\_\_\_ (\$\_\_\_\_\_). Unless there is a default by Maker, there shall be no interest on the unpaid principal balance.

This Promissory Note is given pursuant to the terms of a Franchise Agreement dated \_\_\_\_\_, 20\_\_ by and between HOLDER and MAKER (the "Franchise Agreement"), and is subject to the terms and conditions of the Franchise Agreement.

The principal balance shall be due and payable in full by \_\_\_\_\_. We have/we will (circle one) accept assignment from \_\_\_\_\_ for the balance of \$\_\_\_\_\_ due, however, Maker shall remain liable for any unpaid principal balance.

At the option of HOLDER, all unpaid principal due under this Promissory Note shall be come immediately due and payable at the expiration of ten (10) days following written demand for payment by HOLDER if MAKER shall default in the payment of principal when due hereunder or if MAKER shall be in default under Article 5 or any other provision of the Franchise Agreement referred to above or of any other agreement between HOLDER, its affiliates, and MAKER.

If this Promissory Note is not paid when due, whether at maturity or by acceleration, MAKER promises to pay interest and late charges as set forth in Section 5.08 of the Franchise Agreement and all costs of collection (including reasonable attorneys' fees and expenses) incurred by HOLDER in connection with its collection efforts.

MAKER may prepay this Promissory Note in whole or in part at any time and from time to time without penalty; provided, however, that any such prepayment shall be credited against the last coming due rather than the next coming due installments of principal to be paid hereunder.

All notices, demands, and other communications given or made hereunder shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail, postage prepaid, addressed as follows:

HOLDER:      Global Recruiters Network, Inc.  
                    200 S. Wacker Drive  
                    Suite 1300  
                    Chicago, IL 60606

MAKER      \_\_\_\_\_  
                    \_\_\_\_\_  
                    \_\_\_\_\_  
                    \_\_\_\_\_

**PROMISSORY NOTE**

PAGE 1 of 2

Either party may change his or its address by giving notice of such change of address to the other party.

Mailed notices shall be deemed communicated within three (3) days from the time of mailing if mailed as provided in this Promissory Note.

The principal payable hereunder shall be paid in lawful money of the United States.

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

MAKER:

\_\_\_\_\_  
\_\_\_\_\_

**PROMISSORY NOTE**

PAGE 2 of 2

## EXHIBIT D

### GRN EXCHANGE PROGRAM AGREEMENT

I, GRN - Global Recruiters of \_\_\_\_\_ hereby subscribe to the GRN Exchange Program. I pledge to follow the Rules and Procedures of the GRN Exchange Program (the "Rules and Procedures") as established by Global Recruiters Network, Inc. If any dispute, claim or grievance cannot be resolved between myself and other participants in the GRN Exchange Program, then I will submit the dispute to arbitration as provided by the Rules and Procedures and I agree to be bound by any award or decision of the arbitration.

A summary of arbitration results will be published in the appropriate GRN publication. Global Recruiters Network, Inc. can also identify those who have not honored the Exchange arbitration decisions.

I waive my right to bring legal action against the Global Recruiters Network, Inc. on any issue involving the GRN Exchange Program.

Signature: \_\_\_\_\_

GRN: \_\_\_\_\_

Date: \_\_\_\_\_



## **EXHIBIT E**

### **COMPUTER HARDWARE AND SOFTWARE**

Pursuant to Sections 7.04 and 8.09 of the Franchise Agreement, we will provide you with the following free of charge for your Business under the Franchise Agreement:

1 VoIP Hardware Phone – with 1 wireless headset

ZoomInfo (or similar database, as we designate)

GRN preconfigured network equipment, including:

- 1-Business Computer
- 2-Monitors
- 1-Webcam
- 1 Speaker Pair
- 1-HP High Speed LaserJet Printer
- 1-HP All-In-One Inkjet Printer
- Microsoft Office 365
- Antivirus and Malware Protection

Pursuant to Section 5.04 of the Franchise Agreement, the following are included in the monthly GRN Bundle Fee:

Single user license of CAPSX Software®, including GRN Exchange Software, GRN Chat, GRN Candidate Creator, GRN Data Loader, GRN Universal Importer, Outlook Integration, and GRN Dashboard

Access to GRN's video conferencing network

24X7 CAPSX Software® Access, subject to maintenance

## EXHIBIT F

### CAPSX SOFTWARE® LICENSE AGREEMENT

**THIS LICENSE AGREEMENT** ("Agreement") is entered into effective as of \_\_\_\_\_, 20\_\_ (the "Effective Date"), by and between BBDP, Inc. ("Licensor"), and «company» ("Licensee"), with reference to the following:

#### Background

- A. Licensor is the owner of the certain consulting and placement solutions (CAPSX) software programs generally known as CAPSX Software® (the "Licensed Program").
- B. Licensee desires to obtain (i) a license to the Licensed Program and such separate printed documentation ("Documentation") as Licensor generally makes available to its licensees in connection with the Licensed Program, and (ii) access to certain maintenance and technical support services in connection with the Licensed Program, and Licensor desires to grant such a license and provide such services on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. **LICENSE.** Subject to Licensee's compliance with the terms and conditions of this Agreement, Licensor grants to Licensee, and Licensee accepts from Licensor, for each Licensed Copy (as defined below), a nonexclusive, nontransferable license to load the executable form of the Licensed Program onto the file server and the application onto the client personal computers, if any, provided that (i) no more than that number of copies of the Licensed Program as specified by Licensor (each, a "Licensed Copy") may be made by Licensee, except as herein provided; (ii) such file server and personal computers or terminals shall comply with Licensor's hardware standard, must be owned or leased by Licensee, and must be physically located at a facility that is owned or leased by Licensee; and (iii) Licensee will make no use of the Licensed Program for other than its intended uses that are directly related to the internal business operations of Licensee, and will not make any use thereof to offer the benefits or services of the Licensed Program to third parties, whether such arrangement is in the nature of a service bureau or an out-sourcing service or any other similar service or business. Licensee may make and hold two copies of the Licensed Program for temporary backup use and/or archival purposes. All of Licensee's rights to use the Licensed Program are expressly stated herein; there are no implied rights. There is no charge for the Licensed Copy of the Licensed Program.

2. **ADDITIONAL RESTRICTIONS.** Licensee may not use, copy, modify, display, sublicense or print the Licensed Program or the Documentation, in whole or in part, except as expressly provided in this Agreement. Without limiting the generality of the foregoing, Licensee will abide by the following additional restrictions on the use and copying of the Licensed Program and Documentation:

(a) **NO MODIFICATION.** Licensee will not make any modification to, or adaptation of, the Licensed Program or the Documentation nor merge either of them into any other programs or other materials. Licensee will have no access to, or rights or license to modify, the source code for the Licensed Program. Licensee will not attempt, or allow others under its control to attempt, to obtain or derive information from or about the Licensed Program through disassembly, decompiling, reverse engineering or other means.

(b) **MARKINGS.** All titles, trademarks, copyright notices and other proprietary markings must be reproduced on all permitted copies of the Licensed Program. Licensee will not remove such titles, trademarks, copyright notices or other proprietary markings.

### 3. **PROPRIETARY MATTERS.**

(a) OWNERSHIP. Licensee acknowledges that the Licensed Program and the Documentation, including all associated copyrights, patents, trademarks, trade secrets and other intellectual property and proprietary rights with respect thereto, are, and at all times will be, the sole property of Licensor and its licensors, even if suggestions made by Licensee are incorporated into subsequent versions of the Licensed Program or the Documentation.

(b) CONFIDENTIAL INFORMATION. Licensee acknowledges that Licensor claims that the Licensed Program and the Documentation, including without limitation all aspects of the Licensed Program (e.g., the source code, methods of processing, specific design and structure of individual programs and their interaction and unique programming techniques employed therein as well as screen formats) constitute valuable trade secrets of Licensor and its licensors. Licensor and Licensee acknowledge that, in the course of dealings between the parties, each party will acquire information, identified as confidential, about the other party, its business activities and operations, its technical information and trade secrets, of a highly confidential and proprietary nature. Each party will hold such information, which is identified as being confidential, and Licensee will hold the Licensed Program and the Documentation, as well as the terms of this Agreement, in strict confidence and will not disclose or reveal the same to third parties except as required, to be disclosed to a tribunal, *provided that* in the case of required disclosures to tribunals, the party will use its best efforts to obtain protective orders maintaining the confidentiality of such information.

### 4. **DELIVERY.**

Within forty (40) business days of the Effective Date, Licensor will deliver a copy of the Licensed Program to Licensee.

### 5. **MAINTENANCE AND TECHNICAL SUPPORT SERVICES.**

For a period of one year from the installation of the Licensed Program, Licensor will provide the maintenance and technical support services to Licensee as Licensor reasonably deems necessary (the "Services").

### 6. **TERM AND TERMINATION.**

(a) LICENSE TERM. The term of this Agreement and the licenses granted hereunder will be for the duration of the Franchise Agreement, unless terminated by Licensee as provided in this Agreement, and may only be revoked by Licensor if Licensee breaches any of its material obligations under this Agreement.

(b) TERMINATION. Upon expiration or termination of the Franchise Agreement, this Agreement, and Licensee's right to obtain the Services under this Agreement, will terminate immediately. In addition to any other right to terminate this Agreement expressly provided herein, Licensor may terminate this Agreement, including the licenses granted under this Agreement, if Licensee fails to perform any of its material obligations hereunder or otherwise materially breaches this Agreement and fails to effect the cure of such failure or breach within thirty (30) days after written notice thereof.

(c) EFFECT OF TERMINATION. Termination of this Agreement or the licenses granted hereunder will not limit either party from pursuing any other remedies available to it, including injunctive relief, nor will termination relieve Licensee of its obligation to pay all fees and other amounts that accrued under any other agreements with Licensor prior to the effective date of termination. The rights and obligations of the parties as provided in this Subsection and the following provisions of this Agreement will survive any termination of this Agreement: Sections 3, 6(d), 7 and 8.

(d) RETURN OF LICENSED PROGRAM. Upon termination of this Agreement or the licenses granted hereunder, Licensee will make no further use of the Licensed Program or the Documentation; and, within ten (10) days after such termination, Licensee will either destroy or return to Licenser the originals and all copies of the Licensed Program and the Documentation in the possession or under the control of Licensee, and certify in writing to Licenser that Licensee no longer possesses or controls any copies of the Licensed Program or the Documentation and is otherwise in compliance with the terms of this Agreement which survive the termination. The foregoing obligations apply to copies of the Licensed Program and the Documentation in all forms, partial and complete, in all types of media and computer memory, and whether or not modified or combined with other materials.

## **7. WARRANTY; LIABILITY.**

(a) NON-INFRINGEMENT WARRANTY AND INDEMNITY. Licenser represents and warrants that it has the right to license the Licensed Program and Documentation on the terms and conditions set forth in this Agreement, and that use of the Licensed Program within the scope of such license does not infringe any United States copyright or patent or misappropriate any trade secret or any other intellectual or proprietary right of a third party. Licenser further represents and warrants that the Licensed Program contains no viruses, which in any way may adversely impact Licensee's use of the Licensed Program within the scope of the license granted in Section 1 above. Licenser will indemnify and hold Licensee harmless and defend Licensee from and against all claims, actions, damages, liabilities, costs and expenses (including reasonable fees of counsel and other professionals) incurred by Licensee arising out of a breach of the warranty in this Section 7, *provided that* Licensee promptly notifies Licenser of any third party claim or action which alleges infringement or trade secret misappropriation, and grants Licenser the sole control of the defense of any such action, including all negotiations for its settlement or compromise. If Licensee is a defendant in such action, it may participate at its expense in its own defense. Licenser will use commercially reasonable efforts to mitigate any damages arising out of a judicial determination that use of the Licensed Program infringes third party trade secrets, intellectual property or proprietary rights (including patents issued either before or after the Effective Date) by either (A) delivering a non-infringing copy version of the Licensed Program, or (B) obtaining a license from the third party such that the use of the Licensed Program as contemplated hereunder is no longer infringing, or (C) if neither of the foregoing actions are commercially practicable, Licenser may terminate this Agreement and the license granted hereunder.

(b) NO OTHER WARRANTY. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION:

LICENSOR EXPRESSLY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, AS TO ANY ASPECT OF THE LICENSED PROGRAM, THEIR OPERATION OR THE SERVICES TO BE PERFORMED BY LICENSOR HEREUNDER, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, CAPACITY, PERFORMANCE, TITLE, AND NON-INFRINGEMENT OF THIRD-PARTY RIGHTS.

(c) LIMITATION ON LIABILITY. Licensee acknowledges that the license granted to Licensee hereunder is free of charge, and therefore, Licenser has not priced the Licensed Program to contemplate the risks of reliance by Licensee on the Licensed Program or to have or assume substantial liability or responsibility for Licensee's decisions. Accordingly, IN NO EVENT WILL LICENSOR BE LIABLE TO LICENSEE FOR LOSS OF PROFITS, LOSS OF REVENUES, LOSS OF SAVINGS, LOSS OF USE, LOSS OR CORRUPTION OF DATA OR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, WHETHER UNDER TORT, CONTRACT OR OTHER THEORIES OF RECOVERY, EVEN IF LICENSOR HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. LICENSEE

EXCLUSIVELY BEARS FULL AND COMPLETE LIABILITY AND RESPONSIBILITY FOR ITS USE AND RELIANCE ON THE LICENSED PROGRAM, EVEN IF SUCH USE WERE TO PRODUCE INCORRECT INFORMATION OR ERRONEOUS RESULTS. Licensee agrees that the foregoing represents a fair allocation of risk hereunder and is a material inducement to Licensor's entering into this Agreement. The limitations set forth in this Section do not apply to Licensor's indemnification obligations set forth in Section 7(a) above.

## 8. MISCELLANEOUS.

(a) NOTICES. All notices will be given in writing and will be sent by certified mail, postage prepaid and return receipt requested, or transmitted by facsimile if confirmed by such mailing, to the address indicated for the receiving party on the signature page below. Either party may change its address or facsimile telephone number by written notice to the other party.

(b) ENTIRE AGREEMENT; AMENDMENTS. This Agreement and the attachments and exhibits hereto constitute the entire agreement of the parties concerning the subject matter hereof, superseding all prior and contemporaneous proposals negotiations, communications and agreements, written or oral, with respect to the subject matter of this Agreement. No representation or promise relating to and no amendment or modification of this Agreement will be binding unless it is in writing and signed by an authorized representative of each party.

(c) ASSIGNMENT. Except as specifically provided for herein, neither this Agreement, nor any right or license under this Agreement, nor any Licensed Program or Documentation, may be assigned, sublicensed, distributed, sold, rented, leased or otherwise transferred by Licensee to a third party, other than a wholly-owned subsidiary of that party which uses the Licensed Program at the same Designated Site, without Licensor's prior written consent, which will not be unreasonably withheld or delayed. Licensor will not assign this Agreement without Licensee's prior written consent, which will not be unreasonably withheld or delayed, except that (i) Licensor may assign this Agreement without such consent to any parent, subsidiary or other affiliate of Licensor which agrees in writing to be bound by and to assume all of Licensor's obligations hereunder, and (ii) Licensor may assign this Agreement in connection with the sale of substantially all of the assets of Licensee's business, or the division of its business which is responsible for the Licensed Program, *provided that* Licensor promptly notifies Licensee of such sale and the name of the purchaser of such assets. Subject to the foregoing, this Agreement will bind and inure to the benefit of the successors and permitted assigns of Licensee and Licensor. Although Licensor will have the right to subcontract any of the Services to Qualified third parties, Licensor will remain liable to Licensee for the performance thereof.

(d) LAWFUL USE; EXPORT. Licensee will comply with all applicable laws and regulations in its use of the Licensed Program and the Documentation. Licensee may not export, re-export or otherwise transfer the Licensed Program or the Documentation to any territory outside of the United States of America except with the prior written consent of Licensor, and then only in full compliance with the provisions of the United States Export Administration Act and the rules and regulations thereunder, and both the Licensed Program and the Documentation will be deemed "technical data" for purposes thereof.

(e) GOVERNING LAW; CAPTIONS; MISCELLANEOUS. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Illinois. Licensor shall be entitled to recover from Licensee, its reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, in any action instituted against Licensee to secure or protect Licensor's rights under this Agreement, or to enforce the terms of this Agreement, or in any action commenced or joined in by Licensee against Licensor. The captions appearing in this Agreement are inserted only as a matter of convenience. No delay or failure of either party in exercising any right hereunder, and no partial or single exercise of such right(s) shall be deemed to constitute the waiver of such right(s). If any provision of this Agreement is held to be invalid, the remaining provisions shall nevertheless continue in full force and effect without being impaired or

invalidated in any way.

(f) ARBITRATION. If there is any disagreement that cannot be resolved between the parties arising out of or relating to this Agreement (other than a dispute concerning the ownership of any copyright or other intellectual property right), any such dispute will be settled by binding arbitration in DuPage County, Illinois, in accordance with the rules of the American Arbitration Association. Any party receiving an award in arbitration may have judgment entered on the award in any court having jurisdiction.

(g) INJUNCTIVE RELIEF. Licensee hereby acknowledges that unauthorized disclosure or use of the Licensed Program or the Documentation or any other breach of this Agreement could cause irreparable harm and significant injury to Licensor that may be difficult to ascertain. Accordingly, Licensee agrees that Licensor will have the right to obtain immediate injunctive relief, without the posting of any bond or other form of security, to enforce obligations under this Agreement in addition to any other rights and remedies it may have.

(h) INDEPENDENT CONTRACTORS. Each party will perform its obligations as an independent contractor and will be solely responsible for its own financial obligations. This Agreement will not create a joint venture, partnership, or principal and agent relationship between the parties. Neither party will have the authority or will represent that it has the authority to assume or create any obligation, express or implied on behalf of the other party, except as expressly provided herein.

(i) COUNTERPARTS. This Agreement may be executed in counterparts each of which will be deemed an original but all of such counterparts together will constitute one and the same agreement.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**[SIGNATURES ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the last day and year specified below.

**LICENSOR:**

[LICENSOR]

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

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

Date: \_\_\_\_\_

Address for notices  
[Licensor]

BBDP, Inc.

200 S. Wacker Drive

Suite 1300

Chicago, IL 60606

Attn: \_\_\_\_\_

Fax: 800-646-5308

**LICENSEE:**

[LICENSEE], on behalf of itself and its wholly-owned subsidiaries

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

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

Date: \_\_\_\_\_

Address for notices  
[Licensee]

«company»

«address1»

«city», «state» «zip»

Attn: «fname» «lname»

Fax: «fax»

## EXHIBIT G

### CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND E-MAIL ADDRESSES

For value received, I, a franchisee of Global Recruiters Network, Inc., a Delaware corporation ("GRN"), hereby irrevocably assign the telephone number, telephone listing and e-mail address identified below to GRN, upon the following terms and conditions:

1. This assignment is made pursuant to the terms of a Franchise Agreement between GRN and myself which in part pertains to the telephone numbers and listing and e-mail addresses used by me in the operation of the business licensed by that Agreement.

2. I will retain the limited conditional right to use the telephone numbers, telephone listing and e-mail address solely for the operation of the business licensed by the Franchise Agreement for so long as the Franchise Agreement remains in effect, but upon expiration, termination or non-renewal of that Agreement for any reason whatsoever, this limited conditional right to the use of the telephone numbers, telephone listing and e-mail address by me will automatically expire and terminate without further notice.

3. The telephone numbers and listings which are the subject of this assignment are: \_\_\_\_\_, together with any other numbers and listings used by me in that business.

4. The e-mail address which is the subject of this assignment is \_\_\_\_\_

\_\_\_\_\_ together with any other e-mail addresses used by me in my GRN business.

5. This assignment is freely transferable by GRN to any other person. This assignment inures to the benefit of all parties who lawfully succeed to the rights or take the place of GRN.

GRN may insert and/or revise the phone numbers and e-mail addresses at any time after this document has been executed by me. This conditional assignment is dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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

**FRANCHISEE:**

Attest:

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

\_\_\_\_\_  
Witness/Date

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Print Name)



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

**FRANCHISOR:**

**GLOBAL RECRUITERS NETWORK, INC.**

Attest:

\_\_\_\_\_  
Witness/Date

By: \_\_\_\_\_  
(an authorized officer)

## EXHIBIT H

### CONFIDENTIALITY/NON-COMPETITION AGREEMENT

**NAME:** \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

**HOME ADDRESS:** \_\_\_\_\_

**HOME TELEPHONE:** \_\_\_\_\_

**CLASSIFICATION:** \_\_\_\_\_

**(Owner, Shareholder, Officer,  
Director, Attorney, Employee, Etc.)**

\_\_\_\_\_  
("Franchisee") is a franchise of GLOBAL RECRUITERS NETWORK, INC. ("GRN") pursuant to a Franchise Agreement entered into by Franchisee and GRN dated \_\_\_\_\_ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I hereby agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not, directly or indirectly, communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any and all confidential information, data, knowledge or know-how concerning the systems of operation, services, products, clients, candidates, the processes utilized to gather clients and/or candidates, or practices of Franchisee and/or GRN which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Franchisee and/or GRN.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others, but in no event through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute Confidential Information of GRN: services, products, technologies and procedures relating to the permanent staffing services business; present or future components of the GRN System; GRN's Manual and Supplements to the Manual; techniques for soliciting and processing job applicants, candidates, employees, employers, and clients; past, present or future applicants for employment, candidates, employees, employers, and clients; any and all records pertaining to job applicants, candidates, employees, employers, and clients, invoices or billings; accounting procedures; quality control procedures; methods of advertising and promotion; sales and promotional materials; recordkeeping systems and materials; forms and reports; additions to, deletions from, and modifications of the GRN System or the systems and methods of operations GRN employs now or in the future; files and records concerning job orders and job applicants/candidates (both past and then-current); any and all data and information gathered or

learned by you or provided to you during the term of the Franchise Agreement, information relating to job orders and job applicants/candidates made available through the GRN Exchange Program; staffing employee and applicant lists and records (including, without limitation, past and current applications and resumes); computer software, data and information contained on storage disks, tapes or on other media, no matter in what format, used in the operation of the franchised Business; printouts, data, and other information pertaining to computer operations, codes, procedures and programming; other components, specifications, standards, requirements and duties which GRN imposes on GRN franchisees; and, all other components, specifications, standards, requirements and duties which GRN may impose.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to GRN or Franchisee (as the case may be) all materials, books, records, manuals, data, information, computer data bases, together with any and all data and information stored thereon, software and manuals considered confidential under this Agreement which are in my possession.

I further agree that during the term of my employment/service/association/ownership participation, and for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which is the same as or similar to a GRN permanent placement Business, or any other employment agency business operated by GRN or offered as a franchise by GRN or its Affiliates (as such business now exists or as it may exist in the future); which offers services similar to GRN services; or which offers one or more of the following services: personnel, human resources and/or staffing consulting, outplacement, career counseling, resume writing, employee leasing, and outsourcing (each, a "Competitive Business").

In addition, I agree that:

(a) for a period of 1 year immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any Competitive Business from a location anywhere within the states of Illinois, Florida, South Carolina, and Texas;

(b) for a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any Competitive Business at Franchisee's Business Location, within a 100-mile radius from Franchisee's Business Location (with the Business Location's front entrance as its center), or within a 100-mile radius from any GRN Business's location (with the location's front entrance as its center) or from (or within) any other then-existing GRN Business Territory (whether franchised or otherwise established and operated);

(c) for a period of two years after the termination (for any reason) or expiration of my employment/service/association/ownership participation, I am prohibited, directly or indirectly, from soliciting any client company, employer, job applicant, candidate and/or third party with which I had contact within the context of a completed personnel placement transaction during the twenty-four-month period prior to such termination or expiration, for the purpose of making one or more personnel placements. A "client company" includes, without limitation, third parties, companies, and/or employers that I have entered into agreement(s) with, for the purpose of placing a job applicant or a candidate, at any time during the term of my employment/service/association/ownership participation, regardless of whether a placement was made and invoiced. For purposes of clarification, a client company also includes any third party, employer, and/or client an invoice has been issued to on my behalf at any time during the term of my employment/service/association/ownership participation;

(d) it is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Franchisee do not control the company in question; and

(e) it is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in-law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

**I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to GRN and Franchisee for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by GRN or Franchisee (or both), without the posting of any bond or other security by GRN or Franchisee (or both), prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of GRN's Confidential Information, know-how, methods and procedures. Further, I expressly agree that any claims I may have against GRN will not constitute a defense to GRN's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by GRN in connection with the enforcement of those covenants not to compete set forth in this Agreement.**

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or GRN is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or GRN on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Illinois without recourse to Illinois (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Illinois, and if the franchised Business is located outside of Illinois and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Illinois or any other state, which would not otherwise apply. I further agree that any litigation arising out

of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or GRN on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in DuPage County, Illinois or the location of GRN's principal office, if outside the State of Illinois. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in DuPage County, Illinois or the location of GRN's principal office, if outside the State of Illinois.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Witnessed By:

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Date)

**EXHIBIT I**

**GUARANTEE OF**

**GLOBAL RECRUITERS NETWORK, INC.**

**PERMANENT PLACEMENT FRANCHISE AGREEMENT**

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Global Recruiters Network, Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee, 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.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s)

by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guarantee is to be exclusively construed in accordance with and/or governed by the law of the State of Illinois without recourse to Illinois (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of Illinois, and if the business franchised under the Franchise Agreement is located outside of Illinois and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of Illinois or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in a court of competent jurisdiction in DuPage County, Illinois or the location of Franchisor's principal office, if outside the State of Illinois. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in DuPage County, Illinois or the location of Franchisor's principal office, if outside the State of Illinois. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

**[Remainder of this Page Intentionally Left Blank]**

**IN WITNESS WHEREOF**, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

Attest:

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Address

Attest:

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Address

Attest:

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Address

Attest:

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Address

Attest:

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

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Address



# **BBDP, INC.** *Business Credit Information*



## **EXHIBIT J**

### **REPORTING, INVOICING & PAYMENT PROGRAM**

You will determine the amount and timing of billings to your clients. Each billing must be initiated through your CAPSX Software®. On a daily basis we will print and mail or e-mail the invoices to your clients that you initiate. Mailed or e-mailed, all invoices must be drafted and sent from GRN corporate headquarters. Copies of the invoices will be electronically sent to you. It will be your responsibility to follow-up with your clients on the payment of outstanding invoices and to ensure timely payment of your receivables. Payments on invoices will be directed to a central lock-box at the bank we designate (currently Lakeside Bank, Chicago, Illinois). Upon the receipt of payment of an invoice, the Continuing Royalty due to us will be deducted and the balance will be remitted to your bank account via an automatic ACH transfer. Funds due you will be transferred in accordance with the timing detailed in Federal Reserve Regulation CC. We expect that you will receive payment approximately three business days following our receipt of payment. Dates of specific payments received from your clients in our bank account and ACH transfers made from our bank to your bank account will be made available to you upon request. Your bank must be a member of the Federal Reserve System.

In the instance where you are sharing a placement fee with another GRN Business and you are the billing business, we will calculate and deduct the appropriate Continuing Royalty for each business, split the balance paid as appropriate, and remit to each business's bank account via an automatic ACH transfer the applicable amount due. In the event you are not the billing business, and the billing business is outside the GRN System, we will invoice the billing business for your share of the placement fee, calculate and deduct the Continuing Royalty, and remit the balance to your bank account via an automatic ACH transfer.

# **BBDP, INC.** *Business Credit Information*



## **AUTHORIZATION AGREEMENT FOR AUTOMATIC DEPOSITS**

### **(ACH CREDITS)**

COMPANY

NAME \_\_\_\_\_

I (We) hereby authorize \_\_\_\_\_, hereinafter called COMPANY, to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries in error to my (our) ☐ Checking (please attach voided check) or ☐ Savings account (select one) indicated below at the depository named below, hereinafter called DEPOSITORY, to credit and/or debit the same to such account.

DEPOSITORY

NAME \_\_\_\_\_

BRANCH \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

ROUTING NUMBER \_\_\_\_\_

ACCOUNT NUMBER \_\_\_\_\_

This authorization is to remain in full force and effect until COMPANY has received written Notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it. You consent for the DEPOSITORY to provide Global Recruiters Network, Inc. with a bank account statement and deposit detail, at any time and from time to time, for any and all accounts described above.

NAME \_\_\_\_\_ ID NUMBER \_\_\_\_\_

PLEASE PRINT

SIGNED \_\_\_\_\_ DATE \_\_\_\_\_

# **BBDP, INC.** *Business Credit Information*



## **AUTHORIZATION AGREEMENT FOR AUTOMATIC WITHDRAWALS**

### **(ACH DEBITS)**

**COMPANY**

**NAME** \_\_\_\_\_

I (We) hereby authorize \_\_\_\_\_, hereinafter called COMPANY, to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error to my (our) ☐ Checking (**please attach voided check**) or ☐ Savings account (select one) indicated below at the depository named below, hereinafter called DEPOSITORY, to debit and/or debit the same to such account.

**DEPOSITORY**

**NAME** \_\_\_\_\_

**BRANCH** \_\_\_\_\_

**CITY** \_\_\_\_\_

**STATE** \_\_\_\_\_

**ZIP** \_\_\_\_\_

**ROUTING NUMBER** \_\_\_\_\_

**ACCOUNT NUMBER** \_\_\_\_\_

This authorization is to remain in full force and effect until COMPANY has received written Notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it. You consent for the DEPOSITORY to provide Global Recruiters Network, Inc. with a bank account statement and deposit detail, at any time and from time to time, for any and all accounts described above.

**NAME** \_\_\_\_\_

**ID NUMBER** \_\_\_\_\_

PLEASE PRINT

**SIGNED** \_\_\_\_\_

**DATE** \_\_\_\_\_

**EXHIBIT 2**

**FINANCIAL STATEMENTS**

# **Global Recruiters Network, Inc.**

Financial Statements and  
Supplementary Information

December 31, 2024 and 2023

## **Global Recruiters Network, Inc.**

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### **Table of Contents**

**December 31, 2024 and 2023**

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Balance Sheets	3
Statements of Operations	4
Statements of Stockholder's Equity (Deficit)	5
Statements of Cash Flows	6
Notes to Financial Statements	7
<b>Supplementary Information</b>	
Schedules of Earnings Before Interest, Taxes, Depreciation and Amortization	17

## **Independent Auditors' Report**

To the Stockholder and Board of Directors of  
Global Recruiters Network, Inc.

### **Opinion**

We have audited the financial statements of Global Recruiters Network, Inc. (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, stockholder's equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Company'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 the Company'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.

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Earnings Before Interest, Taxes, Depreciation and Amortization are 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 audit 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Chicago, Illinois  
March 14, 2025



**Global Recruiters Network, Inc.****Balance Sheets**

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 316,607	\$ 436,707
Restricted cash	166,072	160,449
Accounts receivable, net	353,162	406,825
Due from affiliates	1,314	50,736
Capitalized contract costs, current	177,830	140,171
Prepaid expenses and other current assets	41,083	17,831
Total current assets	<u>1,056,068</u>	<u>1,212,719</u>
<b>Other Assets</b>		
Deferred income taxes	27,100	59,500
Capitalized contract costs, long-term	1,564,528	1,605,799
Operating lease right-of-use asset	352,787	516,934
Long-term receivable	40,667	21,000
Total other assets	<u>1,985,082</u>	<u>2,203,233</u>
Total assets	<u><u>\$ 3,041,150</u></u>	<u><u>\$ 3,415,952</u></u>
<b>Liabilities and Stockholder's Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 139,735	\$ 40,479
Due to customers	234,949	173,004
Due to affiliates	199,491	83,912
Accrued expenses	154,900	168,425
Payroll deduction payable	33,879	31,025
Deferred revenues, current	519,670	363,849
Operating lease liability, current	217,044	207,279
Total current liabilities	<u>1,499,668</u>	<u>1,067,973</u>
<b>Long-Term Liabilities</b>		
Deferred revenues, long-term	1,290,002	1,532,519
Operating lease liability, long-term	246,326	463,347
Other long-term liabilities	180,896	159,716
Total long-term liabilities	<u>1,717,224</u>	<u>2,155,582</u>
Total liabilities	<u>3,216,892</u>	<u>3,223,555</u>
<b>Stockholder's Equity (Deficit)</b>		
Common stock, \$.01 par value per share	10	10
1,000 shares authorized, issued and outstanding		
Additional paid-in capital	1,193,240	1,193,240
Accumulated deficit	<u>(1,368,992)</u>	<u>(1,000,853)</u>
Total stockholder's equity (deficit)	<u>(175,742)</u>	<u>192,397</u>
Total liabilities and stockholder's equity (deficit)	<u><u>\$ 3,041,150</u></u>	<u><u>\$ 3,415,952</u></u>

See notes to financial statements

**Global Recruiters Network, Inc.**

## Statements of Operations

Years Ended December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Franchise revenues	\$ 3,719,307	\$ 4,063,552
Other revenues	<u>482,152</u>	<u>590,178</u>
Total revenues	4,201,459	4,653,730
<b>Cost of Revenues and Operating Expenses</b>		
Cost of revenues	1,028,757	1,244,674
Operating expenses	<u>2,773,168</u>	<u>3,129,301</u>
Operating income	<u>399,534</u>	<u>279,755</u>
<b>Other Income</b>		
Interest income	<u>5,622</u>	<u>2,672</u>
Other income	<u>5,622</u>	<u>2,672</u>
Income before income taxes	405,156	282,427
<b>Income Taxes</b>	<u>144,243</u>	<u>292,755</u>
Net income (loss)	<u>\$ 260,913</u>	<u>\$ (10,328)</u>

See notes to financial statements

**Global Recruiters Network, Inc.**

Statements of Stockholder's Equity (Deficit)  
Years Ended December 31, 2024 and 2023

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholder's Equity (Deficit)</u>
<b>Balances, December 31, 2022</b>	\$ 10	\$ 1,193,240	\$ (555,650)	\$ 637,600
Net loss	-	-	(10,328)	(10,328)
Distributions	-	-	(434,875)	(434,875)
<b>Balances, December 31, 2023</b>	10	1,193,240	(1,000,853)	192,397
Net income	-	-	260,913	260,913
Distributions	-	-	(629,052)	(629,052)
<b>Balances, December 31, 2024</b>	<u>\$ 10</u>	<u>\$ 1,193,240</u>	<u>\$ (1,368,992)</u>	<u>\$ (175,742)</u>

See notes to financial statements

**Global Recruiters Network, Inc.****Statements of Cash Flows**

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Net income (loss)	\$ 260,913	\$ (10,328)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Amortization of contract costs	203,612	317,338
Operating lease right-of-use asset amortization	164,147	161,027
Provision for credit losses	57,419	33,061
Deferred income taxes	32,400	29,500
Other long-term liabilities	21,180	159,716
Changes in assets and liabilities:		
Accounts receivable and long-term receivable	(23,423)	(64,823)
Due from affiliates	49,422	32,579
Capitalized contract costs	(200,000)	(247,500)
Prepaid expenses and other current assets	(23,252)	38,150
Accounts payable	99,256	(114,166)
Due to customers	61,945	(20,775)
Accrued expenses	(13,525)	14,247
Payroll deduction payable	2,854	(6,308)
Deferred revenues	(86,696)	(254,643)
Change in operating lease liabilities	(207,256)	(197,848)
Due to affiliates	115,579	83,912
Net cash flows from operating activities	<u>514,575</u>	<u>(46,861)</u>
<b>Cash Flows From Financing Activities</b>		
Distributions to stockholder	<u>(629,052)</u>	<u>(434,875)</u>
Net change in cash and restricted cash	(114,477)	(481,736)
<b>Cash and Restricted Cash, Beginning</b>	<u>597,156</u>	<u>1,078,892</u>
<b>Cash and Restricted Cash, Ending</b>	<u>\$ 482,679</u>	<u>\$ 597,156</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for income taxes	<u>\$ 90,663</u>	<u>\$ 103,539</u>

See notes to financial statements

## Global Recruiters Network, Inc.

Notes to Financial Statements  
December 31, 2024 and 2023

### 1. Summary of Significant Accounting Policies

#### Nature of Operations

Global Recruiters Network, Inc. (the Company) is a network of franchised offices that offers management, technical, professional and executive search services to the corporate community throughout the domestic United States and Canada. The total number of franchised offices in operation as of December 31, 2024 and 2023 was 179 and 180, respectively. For the years ended December 31, 2024 and 2023, the Company sold 8 and 12 franchises and retired 9 and 19 franchises, respectively. The Company is a wholly owned subsidiary of RFB Holdings, Inc. (the Parent).

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Cash and Concentrations of Credit Risk

The Company maintains cash in bank accounts, which at times, may exceed federally insured limits. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits, a certificate of deposit and a savings account. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had \$232,819 and \$347,156 of deposits in excess of FDIC limits as of December 31, 2024 and 2023, respectively. The Company has not experienced any losses in such accounts.

#### Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the statements of cash flows. Restricted cash consisted of a certificate of deposit that is pledged as collateral on the Parent's line of credit on which the Company is a guarantor. In addition, the Company maintains a savings account to support a required letter of credit for the lease of its office facilities.

	2024	2023
Cash	\$ 316,607	\$ 436,707
Restricted cash	166,072	160,449
Total cash and restricted cash shown in the statements of cash flows	\$ 482,679	\$ 597,156

#### Accounts Receivable and Allowance for Credit Losses

The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determines that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

## Global Recruiters Network, Inc.

### Notes to Financial Statements

December 31, 2024 and 2023

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Company considers current and forecasted direction of the economic and business environment. Such forecasted information includes GDP growth, unemployment rates and interest rates amongst others. Based on historical experience and management's analysis of individual accounts, an allowance for credit losses of \$51,000 and \$54,000 was recorded as of December 31, 2024 and 2023, respectively. The Company does not charge interest on outstanding receivables.

	<b>Balances, January 1, 2024</b>	<b>Credit Loss Expense for the Period</b>	<b>Bad Debt Write Offs</b>	<b>Balances, December 31, 2024</b>
Royalty A/R, Regular	\$ 42,751	\$ 47,216	\$ (51,692)	\$ 38,275
Royalty A/R, Minimum	10,959	10,203	(8,430)	12,732
Total	<u>\$ 53,710</u>	<u>\$ 57,419</u>	<u>\$ (60,122)</u>	<u>\$ 51,007</u>
	<b>Balances, January 1, 2023</b>	<b>Credit Loss Expense for the Period</b>	<b>Bad Debt Write Offs</b>	<b>Balances, December 31, 2023</b>
Royalty A/R, Regular	\$ 48,057	\$ 15,016	\$ (20,322)	\$ 42,751
Royalty A/R, Minimum	-	10,959	-	10,959
Total	<u>\$ 48,057</u>	<u>\$ 25,975</u>	<u>\$ (20,322)</u>	<u>\$ 53,710</u>

#### Contract Costs

The Company incurs certain direct incremental costs in order to obtain some franchise agreements. Such costs are capitalized and subsequently amortized over the first noncancellable period of the franchise agreement, which are included in current and other assets on the balance sheets. In the event a franchise agreement is terminated prior to the end of the first noncancellable period, any unamortized cost is immediately expensed.

#### Long-Lived Assets

The Company records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of these assets. There have been no such losses to date.

## **Global Recruiters Network, Inc.**

Notes to Financial Statements  
December 31, 2024 and 2023

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### **Leases**

The Company recognizes the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancellable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. The Company has no finance leases.

The Company has elected the accounting policy not to separate lease and nonlease components for the initial and subsequent measurement of lease liabilities for all asset classes. When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company has elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes. The Company has elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Leases are contained in Note 4.

### **Fair Value of Financial Instruments**

Cash and restricted cash are stated at cost, which approximates fair market value. The carrying value for accounts receivable and accounts payable reasonably approximate fair market value due to the nature of the financial instrument and the short maturity of these items.

### **Revenue Recognition**

The Company generates all of its revenue from contracts with customers. Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company determines revenue recognition through the following steps:

- Identification of the contract or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

A performance obligation is defined as a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price (SSP) basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgment is required to determine the SSP for each distinct performance obligation.

## Global Recruiters Network, Inc.

### Notes to Financial Statements

December 31, 2024 and 2023

The Company's franchise agreements promise the following products or services to the customer as of December 31, 2024:

- Intellectual property license grants a nonexclusive, limited revocable license to the common use and promotion of trademarks, tradenames and software;
- Three weeks of initial training services, which include management training relevant to the operations of owning and managing a business;
- Hardware and software equipment necessary to operate the franchise;
- One annual subscription to access third-party global, end-to-end human capital solutions websites;
- Office selection assistance to franchisees; and
- Annual workshop convention provided for franchisees to gather and attend educational seminars and brand informational presentations, for which the initial year is included in the upfront franchise fee.

The Company considers training, hardware and software, third-party human solutions website access and office selection assistance to each be distinct performance obligations as they have stand-alone value to the customer and are not highly interdependent or highly interrelated with the franchise license and are recorded as other revenues in the statements of operations.

The Company concluded that the remaining benefits are highly related and all combined into a single performance obligation, a license of symbolic intellectual property, which is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day, other than the annual workshop convention, which is recognized in the month the service is provided and the franchisee can independently benefit from each day's services. Initial and renewal franchise fees are due upon the granting of the franchise and are deferred and recognized as revenue over the original franchise term, which is generally between 10 and 25 years. Revenue is adjusted for the effects of a significant financing component when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

In addition to initial and renewal franchise fees, for franchise agreements prior to December 31, 2022, the Company also receives monthly fees for Company provided operational support and a percentage of sales each month from the franchisees as royalty and Brand Fund contributions. For franchise agreements after December 31, 2022, the Company no longer receives Brand Fund contributions. Royalty revenue represents the contractual percentage of fees owed by franchisees to the Company for placement of candidates in permanent employment positions. Such revenue is recognized within accounts receivable and franchise revenues when the placement is invoiced. Certain contracts are subject to minimum annual guaranteed royalties which are accounted for as variable fees and recognized as revenue when the Company has ascertained that the licensee's placements were below the guaranteed minimum for the applicable annual period. Provisions for sales allowances, based on historical experience, are recognized at the time the related sale is recognized.

On occasion, a franchisee will request an early termination of the applicable franchise agreement. In these scenarios, the Company will issue a termination agreement that is subject to a termination fee generally based upon a formula related to lost royalty fees. Termination fees of \$112,800 and \$271,001 were included in franchise revenues on the statements of operations for the years ended December 31, 2024 and 2023, respectively.



## **Global Recruiters Network, Inc.**

Notes to Financial Statements  
December 31, 2024 and 2023

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The Company has other performance obligations associated with contracts with customers for additional training, product sales, assignment fees, consulting fees and event-based revenue from the annual workshop convention, for which revenue is recognized as other revenues in the statements of operations in the month the service is provided.

### **Deferred Revenue**

The timing and amount of revenue recognition may differ in certain situations from the franchise payments received due to the pattern of delivery for each identified distinct performance obligation. Franchise payments received in advance of revenue recognition are contract liabilities and are recorded as deferred revenue. Accounts receivable net of the allowance for credit losses were \$353,162, \$406,825 and \$396,063 as of December 31, 2024, 2023 and 2022, respectively. Deferred revenues, which include both current and long-term, were \$1,809,672, \$1,896,368 and \$2,151,011 as of December 31, 2024, 2023 and 2022, respectively.

### **Brand Fund Costs**

The Company administers a brand fund, for which a percentage of net receipts from applicable franchises are collected to be used for various forms of advertising activities. Generally, the Company is contractually obligated to expend the Brand Fund fees collected from franchisees in accordance with the franchise agreements; as such, revenues earned in excess of costs incurred are accrued as a liability for future advertising costs. Costs incurred in excess of revenues earned are expensed as incurred. Brand Fund costs for the years ended December 31, 2024 and 2023 were \$104,228 and \$249,582, respectively. Accrued expenses of \$154,900 and \$168,425 for Brand Fund fees were recorded as of December 31, 2024 and 2023, respectively.

### **Internal-Use Software Development Costs**

The Company accounts for costs to develop or obtain internal-use software, including significant upgrades and enhancements resulting in additional functionality, in accordance with GAAP. These costs relate to software purchased for internal-use, implementation costs and development costs. Costs incurred for maintenance, training and minor modifications or enhancements are expensed as incurred. Development costs related to internal-use software were insignificant during the years ended December 31, 2024 and 2023 and therefore, the Company has expensed all internal-use software development costs as incurred.

### **Income Taxes**

The Company is subject to the accounting standard for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized, upon ultimate settlement with the relevant tax authority. The Company applies the accounting standard to all tax positions for which the statute of limitations remains open. When applicable the Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

### **Reclassification**

Certain amounts within the prior year financial statements have been reclassified on the statements of operations to conform with classifications adopted for the year ended December 31, 2024. The reclassifications had no effect on net loss.

## Global Recruiters Network, Inc.

### Notes to Financial Statements

December 31, 2024 and 2023

#### Adoption of New 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)*. The ASU introduces a new credit loss methodology, *Current Expected Credit Losses (CECL)*, which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime *expected credit loss* measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Company adopted the ASU using a modified retrospective approach. There was no adjustment to the accumulated deficit upon adoption.

#### Recent Accounting Pronouncements

During December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 enhances the transparency and decision usefulness of income tax disclosures. The amendments in this ASU require consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2025. Early adoption is permitted. The amendments in this ASU should be applied on a prospective basis. Retrospective application is permitted. The Company does not believe that the adoption of ASU No. 2023-09 will have a material effect on its results of operations, financial position and cash flows.

## 2. Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Temporary differences arise principally from contract assets, contract liabilities and net operating losses. The Company classifies all deferred tax assets and liabilities as noncurrent.

As of December 31, 2024, the Company has \$0 federal net operating losses that carry forward indefinitely and \$160,760 of state operating losses that begin to expire in the year ended December 31, 2040.

Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. There were no valuation allowances deemed necessary as of December 31, 2024 and 2023 as the Company intends to be able to utilize the deferred tax assets prior to expiration.

The Company's total deferred income tax assets and deferred income tax liabilities as of December 31 are as follows:

	2024	2023
Total deferred income tax assets	\$ 27,100	\$ 59,500
Total deferred income tax liabilities	-	-
Net deferred tax assets	<u>\$ 27,100</u>	<u>\$ 59,500</u>

The Company recognized a deferred tax expense of \$32,400 and \$29,500 for the years ended December 31, 2024 and 2023, respectively. The Company recognized a current tax expense of \$111,843 and \$263,255 for the years ended December 31, 2024 and 2023, respectively. Total income tax expense of \$144,243 and \$292,755 has been presented in the statements of operations for the years ended December 31, 2024 and 2023, respectively.

## Global Recruiters Network, Inc.

### Notes to Financial Statements

December 31, 2024 and 2023

The effective tax rate of the Company varies from the US federal statutory rate of 21% primarily as a result of differences between the book and tax treatments of certain items, state income taxes, return-to-provision adjustments, uncertain tax positions and net operating losses. As of December 31, 2024 and 2023, the Company had recorded \$180,896 and \$159,716 uncertain tax positions that affected the effective tax rate, respectively. These uncertain tax positions are classified as long-term liabilities on the Company's balance sheets. The Company's estimate of the potential outcome of any uncertain tax positions is subject to management's assessment of relevant risks, facts and circumstances existing at that time. The Company evaluates uncertain tax positions to determine if it is more-likely-than-not that they would be sustained upon examination. The Company does not expect any changes in its uncertain tax positions during the next 12 months that will have a significant impact on the Company's financial position or results of operations. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. The Company has not recorded interest and penalties related to uncertain tax positions as of December 31, 2024 and 2023.

The Company files a consolidated federal income tax return with the Parent. Income taxes are recorded as if the Company filed a separate tax return and are presented as a reduction to distributions paid to the Parent throughout the year.

### 3. Line of Credit

The Parent maintains a \$550,000 revolving line of credit with a bank, which is renewed annually in October. Interest is payable monthly based on the lender's prime rate plus 1% with a floor of 8% as of December 31, 2024 and 2023. The effective interest rate was 8.50% and 9.50% as of December 31, 2024 and 2023, respectively. The Company is a co-guarantor on this line of credit. The balance outstanding on this line of credit was \$188,558 and \$173,690 as of December 31, 2024 and 2023, respectively. The Company's portion of this line was \$0 as of December 31, 2024 and 2023. The line is collateralized by the Company's certificate of deposit, business assets and personal guarantees of certain individuals, all of whom directly own an interest in the Parent. The line also contains covenants pertaining to restrictions on additional borrowings, with which the Parent monitors compliance.

### 4. Commitments and Contingencies

#### Leases

The Company accounts for its leases under Accounting Standards Codification (ASC) 842, *Leases (Topic 842)*. Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease or if not readily available, the Company uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

## Global Recruiters Network, Inc.

### Notes to Financial Statements December 31, 2024 and 2023

The Company makes significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Company:

- Evaluates whether a contract contains a lease, by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determines whether contracts contain embedded leases;
- Evaluates leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases; and
- Determines for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Company sublets a portion of the office space on a month-to-month basis to BBDP (see Note 5).

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31:

	2024	2023
Operating lease right-of-use assets, net	\$ 352,787	\$ 516,934
Operating lease liabilities:		
Current	\$ 217,044	\$ 207,279
Long-term	246,326	463,347
Total operating lease liabilities	\$ 463,370	\$ 670,626

Below is a summary of expenses incurred pertaining to leases during the years ended December 31:

	2024	2023
Operating lease expense	\$ 172,819	\$ 172,819
Short-term lease expense	9,746	9,746
Variable lease expense	196,896	198,338
Sublease Income	(123,576)	(120,766)
Total lease expense	\$ 255,885	\$ 260,137

As of December 31, 2024 and 2023, the right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 1.55%. As of December 31, 2024 and 2023, the weighted average remaining lease term was 2.08 and 3.08 years, respectively.

## Global Recruiters Network, Inc.

### Notes to Financial Statements

December 31, 2024 and 2023

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2024:

Years ending December 31:	
2025	\$ 222,404
2026	229,084
2027	<u>19,159</u>
Total lease payments	470,647
Less present value discount	<u>(7,277)</u>
Total lease liabilities	463,370
Less current portion	<u>(217,044)</u>
Long-term lease liabilities	<u>\$ 246,326</u>

The following table includes supplemental cash flow and noncash information related to the leases for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 215,930	\$ 209,641

### Litigation

The Company is periodically involved in litigation which arises during the normal course of transacting its business. Management believes, based upon the facts presently known, that the outcome of such pending litigation will not have a material adverse effect on the Company's financial position, liquidity or future results of operations.

## 5. Related-Party Transactions

The Company purchases equipment to be used by its franchisees from BBDP, an affiliated company. The cost of this equipment is included in cost of revenues on the statements of operations and totaled \$19,145 and \$24,499 for the years ended December 31, 2024 and 2023, respectively.

The Company incurred expenses related to information technology services provided by BBDP totaling \$300,000 for the years ended December 31, 2024 and 2023.

The Company incurred Brand Fund costs for services provided by BBDP totaling \$112,000 and \$166,500 for the years ended December 31, 2024 and 2023, respectively.

On a quarterly basis, the Company charges BBDP \$15,000 for internet and telephone usage, totaling \$60,000 for the years ended December 31, 2024 and 2023.

The Company leases office space for itself and sublets a portion, month-to-month, to BBDP. The amount of the lease paid by BBDP to the Company totaled \$123,576 and \$120,766 for the years ended December 31, 2024 and 2023, respectively and is net against rent expense.

The Company provides consulting services to BBDP. Revenues for the years ended December 31, 2024 and 2023 were \$60,676 and \$59,291, respectively.

## **Global Recruiters Network, Inc.**

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### **Notes to Financial Statements December 31, 2024 and 2023**

The amounts due to BBDP as of December 31, 2024 and 2023 were \$199,491 and \$83,912, respectively. These amounts are recorded as due to affiliates on the balance sheets.

The Company loans and borrows short-term funds to and from YGI, Inc., an affiliated company. The funds bear no interest and are payable on-demand when either company requires additional funds. The amounts due from affiliates for these transactions as of December 31, 2024 and 2023 were \$1,314 and \$3,972, respectively.

RFB Holdings, Inc. pays income taxes on behalf of the Company. Distributions to the Parent were reduced by income taxes paid by the Company of \$90,663 and \$103,539 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, \$0 was due from the Company to the Parent.

M Squared GB Inc. (M Squared), an affiliated company, was incorporated in 2022 to perform research and development activities. The Company pays for employee benefits on behalf of M Squared and then is reimbursed by the Parent. The amounts due from M Squared as of December 31, 2024 and 2023 were \$0 and \$46,764, respectively. These amounts are recorded as due from affiliates on the balance sheets.

The Company incurred legal fees for services from a related party totaling \$117,184 and \$164,347 for the years ended December 31, 2024 and 2023, respectively. The Company had amounts due to this related party totaling \$0 and \$13,050, as of December 31, 2024 and 2023, respectively, which are included in accounts payable on the balance sheets.

#### **6. Retirement Plan**

The Company is an adopting employer in a 401(k) Plan maintained by the Parent for substantially all of its employees. Under the plan, employees may elect to defer up to 100% of their salary up to \$23,000 and \$22,500 or up to \$30,500 and \$30,000 if the employee has reached 50 years of age, for the years ended December 31, 2024 and 2023, respectively, subject to Internal Revenue Code limits. The Company may make matching contributions to the plan each year, at its discretion. The Company contributed 100% of the first 3% and 50% of the next 2% of base compensation that a participant contributed to the plan. The Company contributions were \$37,327 and \$35,833 for the years ended December 31, 2024 and 2023, respectively.

#### **7. Subsequent Events**

The Company has evaluated subsequent events through March 14, 2025, the date that the financial statements were approved to be issued, for events requiring recording or disclosure in the Company's financial statements.

**Global Recruiters Network, Inc.**

Schedules of Earnings Before Interest, Taxes, Depreciation and Amortization  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Net Income (Loss)</b>	\$ 260,913	\$ (10,328)
Additions:		
Income taxes	<u>144,243</u>	<u>292,755</u>
EBITDA	405,156	282,427
Subtractions:		
Early termination fees	<u>(112,800)</u>	<u>(271,001)</u>
Adjusted EBITDA	<u>\$ 292,356</u>	<u>\$ 11,426</u>

**Earnings Before Interest, Taxes, Depreciation and Amortization**

The Company utilizes Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA, as alternative benchmarks for measuring financial performance, considering certain nonoperational or nonrecurring income and expenses. The classification of an item as nonoperational or nonrecurring is based on management's judgment. EBITDA and Adjusted EBITDA are not financial benchmarks that are defined by GAAP. These measures should not be considered an alternative to net income, operating results or cash flows from operations, as determined in accordance with GAAP. The Company's definition of EBITDA and Adjusted EBITDA, as presented, may differ from similarly titled measures reported by other companies.

Below the Company has provided their definition of certain nonoperational or nonrecurring income and expenses included in their calculation of Adjusted EBITDA:

- Early Termination Fees** - Certain franchisees requested early terminations to their franchise agreements.
- Fees were agreed to with the franchisees based upon the number of years remaining in their agreements.

# **Global Recruiters Network, Inc.**

Financial Statements and  
Supplementary Information

December 31, 2023 and 2022



# Global Recruiters Network, Inc.

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Table of Contents

December 31, 2023 and 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Balance Sheets	3
Statements of Operations	4
Statements of Stockholder's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7
<b>Supplementary Information</b>	
Schedules of Earnings Before Interest, Taxes, Depreciation and Amortization	17

## **Independent Auditors' Report**

To the Stockholder and Board of Directors of  
Global Recruiters Network, Inc.

### **Opinion**

We have audited the financial statements of Global Recruiters Network, Inc. (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Company'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 the Company'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.

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Earnings Before Interest, Taxes, Depreciation and Amortization are 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 audit 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Chicago, Illinois  
March 26, 2024

**Global Recruiters Network, Inc.**

## Balance Sheets

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 436,707	\$ 921,114
Restricted cash	160,449	157,778
Accounts receivable, net	406,825	396,063
Due from affiliates	50,736	83,315
Capitalized contract costs, current	140,171	138,805
Prepaid expenses and other current assets	17,831	55,981
Total current assets	<u>1,212,719</u>	<u>1,753,056</u>
<b>Other Assets</b>		
Deferred income taxes	59,500	89,000
Capitalized contract costs, long-term	1,605,799	1,677,003
Operating lease right-of-use asset	516,934	677,961
Long-term receivable	21,000	-
Total other assets	<u>2,203,233</u>	<u>2,443,964</u>
Total assets	<u><u>\$ 3,415,952</u></u>	<u><u>\$ 4,197,020</u></u>
<b>Liabilities and Stockholder's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 40,479	\$ 154,645
Due to customers	173,004	193,779
Due to affiliates	83,912	-
Accrued expenses	168,425	154,178
Payroll deduction payable	31,025	37,333
Deferred revenues, current	363,849	380,400
Operating lease liability, current	207,279	197,848
Total current liabilities	<u>1,067,973</u>	<u>1,118,183</u>
<b>Long-Term Liabilities</b>		
Deferred revenues, long-term	1,532,519	1,770,611
Operating lease liability, long-term	463,347	670,626
Other long-term liabilities	159,716	-
Total long-term liabilities	<u>2,155,582</u>	<u>2,441,237</u>
Total liabilities	<u>3,223,555</u>	<u>3,559,420</u>
<b>Stockholder's Equity</b>		
Common stock, \$.01 par value per share	10	10
1,000 shares authorized, issued and outstanding		
Additional paid-in capital	1,193,240	1,193,240
Accumulated deficit	(1,000,853)	(555,650)
Total stockholder's equity	<u>192,397</u>	<u>637,600</u>
Total liabilities and stockholder's equity	<u><u>\$ 3,415,952</u></u>	<u><u>\$ 4,197,020</u></u>

See notes to financial statements

**Global Recruiters Network, Inc.**

## Statements of Operations

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Franchise revenues	\$ 4,063,552	\$ 5,055,885
Other revenues	<u>590,178</u>	<u>770,367</u>
Total revenues	4,653,730	5,826,252
<b>Cost of Revenues and Operating Expenses</b>		
Cost of revenues	1,244,674	1,407,525
Operating expenses	<u>3,129,301</u>	<u>3,485,777</u>
Operating income	<u>279,755</u>	<u>932,950</u>
<b>Other Income</b>		
Interest income	<u>2,672</u>	<u>137</u>
Other income	<u>2,672</u>	<u>137</u>
Income before income taxes	282,427	933,087
<b>Income Taxes</b>	<u>292,755</u>	<u>304,504</u>
Net income (loss)	<u>\$ (10,328)</u>	<u>\$ 628,583</u>

See notes to financial statements

**Global Recruiters Network, Inc.**

Statements of Stockholder's Equity  
Years Ended December 31, 2023 and 2022

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholder's Equity</b>
<b>Balances, December 31, 2021</b>	\$ 10	\$ 1,193,240	\$ (623,925)	\$ 569,325
Net income	-	-	628,583	628,583
Distributions	-	-	(560,308)	(560,308)
<b>Balances, December 31, 2022</b>	10	1,193,240	(555,650)	637,600
Net loss	-	-	(10,328)	(10,328)
Distributions	-	-	(434,875)	(434,875)
<b>Balances, December 31, 2023</b>	<u>\$ 10</u>	<u>\$ 1,193,240</u>	<u>\$ (1,000,853)</u>	<u>\$ 192,397</u>

See notes to financial statements

**Global Recruiters Network, Inc.**

## Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Net income (loss)	\$ (10,328)	\$ 628,583
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Amortization of contract costs	317,338	459,868
Operating lease right-of-use asset amortization	161,027	158,029
Provision for credit losses	33,061	50,340
Deferred income taxes	29,500	(9,000)
Other long-term liabilities	159,716	-
Changes in assets and liabilities:		
Accounts receivable and long-term receivable	(64,823)	47,349
Other receivable	-	97,500
Due from affiliates	32,579	96,979
Capitalized contract costs	(247,500)	(282,000)
Prepaid expenses and other current assets	38,150	(34,542)
Accounts payable	(114,166)	92,825
Due to customers	(20,775)	(132,278)
Accrued expenses	14,247	(4,929)
Payroll deduction payable	(6,308)	(12,089)
Deferred revenues	(254,643)	(527,007)
Change in operating lease liabilities	(197,848)	(188,745)
Due to affiliates	83,912	-
	<u>(46,861)</u>	<u>440,883</u>
Net cash flows from operating activities		
<b>Cash Flows From Financing Activities</b>		
Distributions to stockholder	(434,875)	(560,308)
	<u>(434,875)</u>	<u>(560,308)</u>
Net change in cash and restricted cash	(481,736)	(119,425)
<b>Cash and Restricted Cash, Beginning</b>	<u>1,078,892</u>	<u>1,198,317</u>
<b>Cash and Restricted Cash, Ending</b>	<u>\$ 597,156</u>	<u>\$ 1,078,892</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for income taxes	<u>\$ 103,539</u>	<u>\$ 313,504</u>

See notes to financial statements

# Global Recruiters Network, Inc.

## Notes to Financial Statements

December 31, 2023 and 2022

### 1. Summary of Significant Accounting Policies

#### Nature of Operations

Global Recruiters Network, Inc. (the Company) is a network of franchised offices that offers management, technical, professional and executive search services to the corporate community throughout the domestic United States and Canada. The total number of franchised offices in operation as of December 31, 2023 and 2022 was 187 and 186, respectively. For the years ended December 31, 2023 and 2022, the Company sold and opened 20 and 14 franchises and retired 19 and 31 franchises, respectively. The Company is a wholly owned subsidiary of RFB Holdings, Inc. (the Parent).

#### Cash and Concentrations of Credit Risk

The Company maintains cash in bank accounts, which at times, may exceed federally insured limits. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits, a certificate of deposit and a savings account. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company had \$347,156 and \$813,853 of deposits in excess of FDIC limits as of December 31, 2023 and 2022, respectively. The Company has not experienced any losses in such accounts.

#### Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same amounts shown in the statements of cash flows. Restricted cash consisted of a certificate of deposit that is pledged as collateral on the Parent's line of credit on which the Company is a guarantor. In addition, the Company maintains a savings account to support a required letter of credit for the lease of its office facilities.

	<u>2023</u>	<u>2022</u>
Cash	\$ 436,707	\$ 921,114
Restricted cash	<u>160,449</u>	<u>157,778</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 597,156</u>	<u>\$ 1,078,892</u>

#### Accounts Receivable

The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determines that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.



## Global Recruiters Network, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Company considers current and forecasted direction of the economic and business environment. Such forecasted information includes GDP growth, unemployment rates and interest rates amongst others. Based on historical experience and management's analysis of individual accounts, an allowance for doubtful accounts of \$54,000 and \$48,000 was recorded as of December 31, 2023 and 2022, respectively. The Company does not charge interest on outstanding receivables.

	Beginning Balance	Impact of Adopting ASC 326	Credit Loss Expense for the Period	Bad Debt Write Offs	Recoveries	Ending Balance
Royalty A/R - Regular	\$ 48,057	\$ -	\$ 15,016	\$ (20,322)	\$ -	\$ 42,751
Royalty A/R - Minimum	-	-	10,959	-	-	10,959
Total	<u>\$ 48,057</u>	<u>\$ -</u>	<u>\$ 25,975</u>	<u>\$ (20,322)</u>	<u>\$ -</u>	<u>\$ 53,710</u>

### Contract Costs

The Company incurs certain direct incremental costs in order to obtain some franchise agreements. Such costs are capitalized and subsequently amortized over the first noncancellable period of the franchise agreement, which are included in current and other assets on the balance sheets. In the event a franchise agreement is terminated prior to the end of the first noncancellable period, any unamortized cost is immediately expensed.

### Long-Lived Assets

The Company records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of these assets. There have been no such losses to date.

### Leases

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancellable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Company recorded operating lease right-of-use assets and lease liabilities of \$835,990 and \$1,057,219, respectively.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Company elected:

- The package of practical expedients permitted under the transition guidance, which does not require the Company to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.
- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Company's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Company has elected the policy not to separate lease and nonlease components for the initial and subsequent measurement of lease liabilities for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 4.

### **Fair Value of Financial Instruments**

Cash and restricted cash are stated at cost, which approximates fair market value. The carrying value for accounts receivable and accounts payable reasonably approximate fair market value due to the nature of the financial instrument and the short maturity of these items.

### **Revenue Recognition**

The Company generates all of its revenue from contracts with customers. Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company determines revenue recognition through the following steps:

- Identification of the contract or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

A performance obligation is defined as a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price (SSP) basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgment is required to determine the SSP for each distinct performance obligation.

The Company's franchise agreements promise the following products or services to the customer as of December 31, 2023:

- Intellectual property license grants a nonexclusive, limited revocable license to the common use and promotion of trademarks, tradenames and software;
- Three weeks of initial training services, which include management training relevant to the operations of owning and managing a business;
- Hardware and software equipment necessary to operate the franchise;
- One annual subscription to access third-party global, end-to-end human capital solutions websites;
- Office selection assistance to franchisees; and
- Annual workshop convention provided for franchisees to gather and attend educational seminars and brand informational presentations, for which the initial year is included in the upfront franchise fee.

The Company considers training, hardware and software, third-party human solutions website access, and office selection assistance to each be distinct performance obligations as they have stand-alone value to the customer and are not highly interdependent or highly interrelated with the franchise license and are recorded as other revenues in the statements of operations.

The Company concluded that the remaining benefits are highly related, and all combined into a single performance obligation, a license of symbolic intellectual property, which is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day, other than the annual workshop convention, which is recognized in the month the service is provided, and the franchisee can independently benefit from each day's services. Initial and renewal franchise fees are due upon the granting of the franchise and are deferred and recognized as revenue over the original franchise term, which is generally between 10 and 25 years. Revenue is adjusted for the effects of a significant financing component when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

In addition to initial and renewal franchise fees, the Company also receives monthly fees for Company provided operational support and a percentage of sales each month from the franchisees as royalty and Brand Fund contributions. Royalty revenue represents the contractual percentage of fees owed by franchisees to the Company for placement of candidates in permanent employment positions. Such revenue is recognized within accounts receivable and franchise revenues when the placement is invoiced. Certain contracts are subject to minimum annual guaranteed royalties which are accounted for as variable fees and recognized as revenue when the Company has ascertained that the licensee's placements were below the guaranteed minimum for the applicable annual period. Provisions for sales allowances, based on historical experience, are recognized at the time the related sale is recognized.

On occasion, a franchisee will request an early termination of the applicable franchise agreement. In these scenarios, the Company will issue a termination agreement that is subject to a termination fee generally based upon a formula related to lost royalty fees. Termination fees of \$271,001 and \$423,200 were included in franchise revenues on the statements of operations for the years ended December 31, 2023 and 2022, respectively.

The Company has other performance obligations associated with contracts with customers for additional training, product sales, assignment fees, consulting fees and event-based revenue from the annual workshop convention, for which revenue is recognized as other revenues in the statements of operations in the month the service is provided.

**Brand Fund Costs**

Generally, the Company is contractually obligated to expend the Brand Fund fees collected from franchisees in accordance with the franchise agreements; as such, revenues earned in excess of costs incurred are accrued as a liability for future advertising costs. Costs incurred in excess of revenues earned are expensed as incurred. Brand Fund costs for the years ended December 31, 2023 and 2022 were \$249,582 and \$231,996, respectively. Accrued expenses of \$168,425 and \$84,178 for Brand Fund fees were recorded as of December 31, 2023 and 2022, respectively.

**Internal-Use Software Development Costs**

The Company accounts for costs to develop or obtain internal-use software, including significant upgrades and enhancements resulting in additional functionality, in accordance with accounting principles generally accepted in the United States of America (GAAP). These costs relate to software purchased for internal-use, implementation costs and development costs. Costs incurred for maintenance, training and minor modifications or enhancements are expensed as incurred. Development costs related to internal-use software were insignificant during the years ended December 31, 2023 and 2022, and therefore, the Company has expensed all internal-use software development costs as incurred.

**Income Taxes**

The Company is subject to the accounting standard for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized, upon ultimate settlement with the relevant tax authority. The Company applies the accounting standard to all tax positions for which the statute of limitations remains open. When applicable the Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Reclassification**

Certain amounts within the prior year financial statements have been reclassified on the statements of operations and cash flows to conform with classifications adopted for the year ended December 31, 2023. The reclassifications had no effect on net income or stockholder's equity.

## Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Company adopted the ASU prospectively. There was no adjustment to retained earnings upon adoption.

During December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 enhances the transparency and decision usefulness of income tax disclosures. The amendments in this ASU require consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2025. Early adoption is permitted. The amendments in this ASU should be applied on a prospective basis. Retrospective application is permitted. The Company does not believe that the adoption of ASU No. 2023-09 will have a material effect on its results of operations, financial position and cash flows.

## 2. Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Temporary differences arise principally from contract assets, contract liabilities and net operating losses. The Company classifies all deferred tax assets and liabilities as noncurrent.

As of December 31, 2023, the Company has \$0 federal net operating losses that carry forward indefinitely and \$592,488 of state operating losses that begin to expire in the year ended December 31, 2040.

Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. There were no valuation allowances deemed necessary as of December 31, 2023 and 2022 as the Company intends to be able to utilize the deferred tax assets prior to expiration.

The Company's total deferred income tax assets and deferred income tax liabilities as of December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Total deferred income tax assets	\$ 59,500	\$ 851,000
Total deferred income tax liabilities	<u>-</u>	<u>(762,000)</u>
Net deferred tax assets	<u>\$ 59,500</u>	<u>\$ 89,000</u>

The Company recognized a deferred tax expense (benefit) of \$29,500 and \$(9,000) for the years ended December 31, 2023 and 2022, respectively. The Company recognized a current tax expense of \$263,255 and \$313,504 for the years ended December 31, 2023 and 2022, respectively. Total income tax expense of \$292,755 and \$304,504 has been presented in the statements of operations for the years ended December 31, 2023 and 2022, respectively.

The effective tax rate of the Company varies from the US federal statutory rate of 21% primarily as a result of differences between the book and tax treatments of certain items, state income taxes, return-to-provision adjustments, uncertain tax positions and net operating losses. As of December 31, 2023 and 2022, the Company had recorded \$159,716 and \$0 uncertain tax positions that affected the effective tax rate, respectively. These uncertain tax positions are classified as long-term liabilities on the Company's balance sheets. The Company's estimate of the potential outcome of any uncertain tax positions is subject to management's assessment of relevant risks, facts and circumstances existing at that time. The Company evaluates uncertain tax positions to determine if it is more-likely-than-not that they would be sustained upon examination. The Company does not expect any changes in its uncertain tax positions during the next 12 months that will have a significant impact on the Company's financial position or results of operations. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. The Company has not recorded interest and penalties related to uncertain tax positions as of December 31, 2023 and 2022.

The Company files a consolidated federal income tax return with the Parent. Income taxes are recorded as if the Company filed a separate tax return and are presented as a reduction to distributions paid to the Parent throughout the year.

### **3. Line of Credit**

The Parent maintains a \$550,000 revolving line of credit with a bank, which is renewed annually in October. Interest is payable monthly based on the lender's prime rate plus 1% with a floor of 8.50% and 7.50% as of December 31, 2023 and 2022, respectively. The effective interest rate was 9.50% and 8.50% as of December 31, 2023 and 2022, respectively. The Company is a co-guarantor on this line of credit. The balance outstanding on this line of credit was \$173,690 and \$124,518 as of December 31, 2023 and 2022, respectively. The Company's portion of this line was \$0 as of December 31, 2023 and 2022. The line is collateralized by the Company's certificate of deposit, business assets and personal guarantees of certain individuals, all of whom directly own an interest in the Parent. The line also contains covenants pertaining to restrictions on additional borrowings, with which the Parent monitors compliance.

### **4. Commitments and Contingencies**

#### **Leases**

Effective January 1, 2022, the Company accounts for its leases under ASC 842. Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease, or if not readily available, the Company uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

## Global Recruiters Network, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

The Company made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Company:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases; and
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Company sublets a portion of the office space on a month-to-month basis to BBBDP (see Note 5).

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31:

	<b>2023</b>	<b>2022</b>
Operating lease right-of-use assets	<u>\$ 516,934</u>	<u>\$ 677,961</u>
Operating lease liabilities:		
Current	\$ 207,279	\$ 197,848
Long-term	<u>463,347</u>	<u>670,626</u>
Total operating lease liabilities	<u>\$ 670,626</u>	<u>\$ 868,474</u>

Below is a summary of expenses incurred pertaining to leases during the year ended December 31:

	<b>2023</b>	<b>2022</b>
Operating lease expense	\$ 172,819	\$ 172,819
Short-term lease expense	9,746	10,196
Variable lease expense	198,338	190,530
Sublease Income	<u>(120,766)</u>	<u>(114,924)</u>
Total lease expense	<u>\$ 260,137</u>	<u>\$ 258,621</u>

As of December 31, 2023 and 2022, the right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 1.55%. As of December 31, 2023 and 2022, the weighted average remaining lease term was 3.08 and 4.08 years, respectively.

## Global Recruiters Network, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2023:

Years ending December 31:	
2023	\$ 215,930
2024	222,404
2025	229,084
2026	19,136
	<hr/>
Total lease payments	686,554
Less present value discount	<hr/> (15,928)
Total lease liabilities	670,626
Less current portion	<hr/> (207,279)
Long-term lease liabilities	<hr/> <u>\$ 463,347</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 209,641	\$ 203,535

### Litigation

The Company is periodically involved in litigation which arises during the normal course of transacting its business. Management believes, based upon the facts presently known, that the outcome of such pending litigation will not have a material adverse effect on the Company's financial position, liquidity or future results of operations.

## 5. Related-Party Transactions

The Company purchases equipment to be used by its franchisees from BBDP, an affiliated company. The cost of this equipment is included in cost of revenues on the statements of operations and totaled \$24,499 and \$17,180 for the years ended December 31, 2023 and 2022, respectively.

The Company incurred expenses related to information technology services provided by BBDP totaling \$300,000 and \$420,000 for the years ended December 31, 2023 and 2022, respectively.

The Company incurred Brand Fund costs for services provided by BBDP totaling \$166,500 and \$221,000 for the years ended December 31, 2023 and 2022, respectively.

On a quarterly basis, the Company charges BBDP \$15,000 for internet and telephone usage, totaling \$60,000 for the years ended December 31, 2023 and 2022.

The Company leases office space for itself and sublets a portion, month-to-month, to BBDP. The amount of the lease paid by BBDP to the Company totaled \$120,766 and \$114,924 for the years ended December 31, 2023 and 2022, respectively, and is net against rent expense.



The Company provides consulting services to BBDP. Revenues for the years ended December 31, 2023 and 2022 were \$59,291 and \$59,724, respectively.

The amounts due from (to) BBDP as of December 31, 2023 and 2022 were \$(83,912) and \$80,130, respectively. These amounts are recorded as due from or to affiliates on the balance sheets.

The Company loans and borrows short-term funds to and from YGI, Inc., an affiliated company. The funds bear no interest and are payable on-demand when either company requires additional funds. The amounts due from affiliates for these transactions as of December 31, 2023 and 2022 were \$3,972 and \$686, respectively.

RFB Holdings, Inc. pays income taxes on behalf of the Company. Distributions to the Parent were reduced by income taxes paid by the Company of \$103,539 and \$313,504 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, \$0 was due from the Company to the Parent.

M Squared GB Inc. (M Squared), an affiliated company, was incorporated in 2022 to perform research and development activities. The Company pays for employee benefits on behalf of M Squared and then is reimbursed by M Squared. The amounts due from M Squared as of December 31, 2023 and 2022 were \$46,764 and \$2,499, respectively. These amounts are recorded as due from affiliates on the balance sheets.

The Company incurred legal fees for services from a related party totaling \$164,347 and \$159,373 for the years ended December 31, 2023 and 2022, respectively. The Company had amounts due to this related party totaling \$13,050 and \$38,592, as of December 31, 2023 and 2022, respectively, which are included in accounts payable on the balance sheets.

## **6. Retirement Plan**

The Company is an adopting employer in a 401(k) Plan maintained by the Parent for substantially all of its employees. Under the plan, employees may elect to defer up to 100% of their salary up to \$22,500 and \$20,500, or up to \$30,000 and \$27,000 if the employee has reached 50 years of age, for the years ended December 31, 2023 and 2022, respectively, subject to Internal Revenue Code limits. The Company may make matching contributions to the plan each year, at its discretion. The Company contributed 100% of the first 3% and 50% of the next 2% of base compensation that a participant contributed to the plan. The Company contributions were \$35,833 and \$44,054 for the years ended December 31, 2023 and 2022, respectively.

## **7. Subsequent Events**

The Company has evaluated subsequent events through March 26, 2024, the date that the financial statements were approved to be issued, for events requiring recording or disclosure in the Company's financial statements.

**Global Recruiters Network, Inc.**

Schedules of Earnings Before Interest, Taxes, Depreciation and Amortization  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Net Income</b>	\$ (10,328)	\$ 628,583
Additions:		
Income taxes	<u>292,755</u>	<u>304,504</u>
<b>EBITDA</b>	282,427	933,087
Subtractions:		
Early termination fees	<u>(271,001)</u>	<u>(423,200)</u>
<b>Adjusted EBITDA</b>	<u>\$ 11,426</u>	<u>\$ 509,887</u>

**Earnings Before Interest, Taxes, Depreciation and Amortization:**

The Company utilizes Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA, as alternative benchmarks for measuring financial performance, considering certain nonoperational or nonrecurring income and expenses. The classification of an item as nonoperational or nonrecurring is based on management's judgment. EBITDA and Adjusted EBITDA are not financial benchmarks that are defined by GAAP. These measures should not be considered an alternative to net income, operating results or cash flows from operations, as determined in accordance with GAAP. The Company's definition of EBITDA and Adjusted EBITDA, as presented, may differ from similarly titled measures reported by other companies.

Below the Company has provided their definition of certain nonoperational or nonrecurring income and expenses included in their calculation of Adjusted EBITDA:

**Early Termination Fees** - Certain franchisees requested early terminations to their franchise agreements. Fees were agreed to with the franchisees based upon the number of years remaining in their agreements.

## **UNAUDITED FINANCIAL STATEMENTS**

Global Recruiters Network, Inc  
Balance Sheet  
2/28/25

ASSETS

Current Assets	
Cash in Bank	326,139.97
Investments	167,603.09
Accounts Receivable	423,101.88
Minimum Royalty Receivable	26,191.04
Allowance For Doubtful Account	(59,773.01)
Deferred Costs Obtain Contract	1,742,358.12
Current Deferred Tax Asset	27,100.00
Due from RFB, Inc.	59,100.25
Due From M Squared	5,971.72
Operating ROU Asset	325,110.94
	<hr/>
Total Current Assets	3,042,904.00
Property and Equipment	
Furniture And Fixtures	184,581.76
Equipment	110,171.82
Other Amortizable Property	35,000.00
Accum. Depreciation and Amorti	(329,753.58)
	<hr/>
Total Property and Equipment	0.00
Other Assets	
	<hr/>
Total Other Assets	0.00
	<hr/>
Total Assets	<u><u>3,042,904.00</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts Payable	381,989.96
Accounts Payable-Brad'sCapOne	28,570.55
Accrued Expenses	125,215.38
Accured Employee Advances	207.08
Due to BBDP, Inc.	7,334.84
Due to YGI	47,006.47
Payroll Deduction Payable	4,634.14
Operating Lease Liability	427,879.98
Due to Customers	272,461.57
Deferred Revenue	61,300.00
	<hr/>
Total Current Liabilities	1,356,599.97

Global Recruiters Network, Inc  
Balance Sheet  
2/28/25

Long-Term Liabilities	
Contract Liabilities	1,670,172.34
Other Long-Term Liabilities	<u>180,896.00</u>
Total Long-Term Liabilities	<u>1,851,068.34</u>
Total Liabilities	3,207,668.31
Stockholders' Equity	
Common Stock	10.00
Paid In Capital	1,193,240.00
Retained Earnings	(1,368,992.24)
Net Income	<u>10,977.93</u>
Total Stockholders' Equity	<u>(164,764.31)</u>
Total Liabilities & Equity	<u><u>3,042,904.00</u></u>

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Global Recruiters Network, Inc.  
Income Statement  
2/28/2025

	Year to Date	%
Revenues		
Franchise Revenues	\$ 564,640.62	89.25
Other Revenue	<u>68,000.00</u>	10.75
Total Revenues	<u>632,640.62</u>	100.00
Cost of Sales		
Franchise Cost - New	55,389.81	8.76
Franchise Cost - Travel Exp	4,424.95	0.70
Franchise Cost - Meals	1,284.79	0.20
Franchise Cost - Entertainment	1,177.98	0.19
Franchise Cost - Fran. Program	46.55	0.01
Franchise Cost - Salaries	102,116.64	16.14
Franchise Cost - Payroll Taxes	11,759.83	1.86
Franchise Cost - Benefits	6,531.46	1.03
Royalty Override Cost	<u>1,535.65</u>	0.24
Total Cost of Sales	<u>184,267.66</u>	29.13
Gross Profit	<u>448,372.96</u>	70.87
Operating Expenses		
Salaries Expense	188,538.36	29.80
Benefits Expense	42,096.68	6.65
Advertising and Marketing Expenses	6,016.33	0.95
Franchisee Advertising Fund Expense	27,455.33	4.34
Rent Expense	39,038.57	6.17
Utilities Expense	1,319.16	0.21
Legal Expenses	60,469.40	9.56
Communication Expenses	13,338.86	2.11
Travel and Entertainment Expenses	4,908.61	0.78
Outside Services	44,416.94	7.02
Office Supplies and Expenses	2,508.99	0.40
Other Expenses	<u>8,819.37</u>	1.39
Total Operating Expenses	<u>438,926.60</u>	69.38
EBITDA	9,446.36	1.49
Other Income/(Expenses)		
Interest Income	<u>1,531.57</u>	0.24
Total Other Income/(Expenses)	<u>1,531.57</u>	0.24
Net Income/(Loss)	<u><u>\$ 10,977.93</u></u>	1.74

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

**EXHIBIT 3**

**STATE ADMINISTRATORS/  
AGENTS FOR SERVICE OF PROCESS**

## **STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

### **CALIFORNIA**

Website: [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

Email: [ask.DFPI@dfpi.ca.gov](mailto:ask.DFPI@dfpi.ca.gov)

(for service of process)

Commissioner of Department of Financial  
Protection & Innovation

(state franchise administrator)

Department of Financial Protection &  
Innovation

Toll Free: 1 (866) 275-2677

#### ***Los Angeles***

320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500

#### ***Sacramento***

651 Bannon Street, Suite 300  
Sacramento, California 95811  
(916) 576-4941

#### ***San Diego***

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 525-4233

#### ***San Francisco***

One Sansome Street, Suite 600  
San Francisco, California 94104-4428  
(415) 972-8559

### **HAWAII**

(for service of process)

Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

(for other matters)

Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2722

### **ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465



**INDIANA**

(for service of process)

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6531

(state agency)

Indiana Secretary of State  
Securities Division  
Room E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

**MARYLAND**

(for service of process)

Maryland Securities Commissioner  
at the Office of Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

(state agency)

Office of the Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

**MICHIGAN**

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
(517) 335-7567

**MINNESOTA**

Commissioner of Commerce  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1500

**NEW YORK**

(for service of process)

Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
(518) 473-2492

(Administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8236

**NORTH DAKOTA**

(for service of process)

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, 14<sup>th</sup> Floor, Dept. 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

(state agency)

North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-2910

**OREGON**

Oregon Division of Financial Regulation  
350 Winter Street NE, Suite 410  
Salem, Oregon 97301  
(503) 378-4140

**RHODE ISLAND**

Securities Division  
Department of Business Regulations  
1511 Pontiac Avenue  
John O. Pastore Complex-Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9500

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

**VIRGINIA**

(for service of process)

Clerk, State Corporation Commission  
1300 East Main Street  
First Floor  
Richmond, Virginia 23219  
(804) 371-9733

(for other matters)

State Corporation Commission  
Division of Securities and Retail Franchising  
Tyler Building, 9th Floor  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

**WASHINGTON**

(for service of process)

Director Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501  
(360) 902-8760

(for other matters)

Department of Financial Institutions  
Securities Division  
P. O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

**WISCONSIN**

(for service of process)

Administrator, Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-2139

(state administrator)

Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-9555

**EXHIBIT 4**

**TABLE OF CONTENTS OF RECRUITER'S MANUAL**

# RECRUITER'S MANUAL

## TABLE OF CONTENTS

### Contents

Section I: General Overview .....	11
GRN Terminology .....	12
The GRN Methods for Making Placements .....	22
Sales and Marketing .....	22
Recruiting .....	23
Matching .....	24
The GRN Exchange .....	24
Traits of a Successful Salesperson .....	25
Skills to Develop as a Search Consultant .....	25
Time Management .....	25
Making a Sales Presentation .....	26
Listening .....	27
Questioning .....	27
Closing .....	28
Types of Closing Questions .....	28
Trial closing questions .....	29
Pre-Closing questions .....	29
Closing questions .....	29
Closing Techniques .....	30
Major Point/Minor Point .....	30
Summary Close .....	32
Negative Summary .....	33
Take Away .....	34
Ben Franklin .....	34
Alternate Choice .....	36
Feel, Felt, Found .....	36

Managing Your Time .....	37
Daily Activities.....	37
The Money Calls.....	38
Matching Calls .....	38
Sales & Marketing Calls.....	39
Recruiting Calls.....	39
Reference Check Calls.....	40
Decision Calls .....	40
Scheduling Your Time Guidelines .....	41
Daily Schedule Example.....	42
Section II: Sales and Marketing.....	43
Desk Specialization.....	44
Selecting a QCC .....	45
Selecting Your Market.....	48
Building a Sales & Marketing Presentation.....	48
Selecting Features, Accomplishments & Benefits.....	49
Forming Your SMP .....	51
Delivering Your Presentation .....	55
Getting through to the Hiring Manager.....	55
Call Objectives.....	57
Responding to Diversions (Objections) .....	58
Preparing Responses .....	60
No Openings.....	62
Send Me a Resume .....	63
We Don't Pay Fees .....	63
Assignment Form – Gathering Basic Information.....	64
Gathering Information .....	65
Section III: Qualifying Assignments.....	67
Assignment Classifications .....	68
The Assignment Profile Form.....	68
Establishing Urgency .....	69

Covering a Company's Efforts to Fill .....	70
Explaining How You Work.....	72
Completing the Position Description.....	74
Clearing Your Fee.....	78
Benefits and Relocation.....	80
Gathering Selling Points.....	81
Developing the Hiring Process .....	83
Defining Search Parameters .....	87
Closing Summary .....	88
Types of Service Agreements.....	88
Section IV: Recruiting.....	91
Sources for Building Your Target List .....	92
Primary Sources: .....	92
Secondary Sources:.....	93
Recruiting Approaches .....	94
Indirect & Direct Approaches.....	94
Structure of a Recruit Presentation.....	94
The Introduction .....	95
Opportunity Sell.....	96
Involvement Question .....	98
Responding to Diversions (Objections) .....	99
The Candidate Form – Gather Basic Information.....	103
Section V: Qualifying Candidates.....	105
The Candidate Form .....	106
Personal Life Circumstances .....	106
Job Performance.....	107
Compensation .....	108
Employment History .....	109
Classifying Candidates .....	110
Qualifying Interest .....	111
Qualifying Candidate Needs.....	112

Gaining Candidate Commitment.....	113
Section VI: Matching .....	119
Criteria for Matching Assignments & Candidates.....	120
Creating the Matching Presentation.....	121
Delivering the Matching Presentation.....	122
Section VII: Reference Checking.....	129
The Value of Reference Checking .....	130
When to Perform Reference Checks .....	131
Requesting References .....	131
Planning & Conducting Reference Checks.....	132
Sample Questions.....	133
Overcoming Resistance to Providing a Reference .....	134
Evaluating a Reference.....	135
Section VIII: Coaching.....	137
Coaching the Hiring Manager .....	138
Coaching the Candidate.....	141
Debriefing .....	147
Section IX: Safeguarding the Placement.....	149
Safeguarding the Placement.....	150
Turndowns .....	150
Falloffs .....	152
Follow Up .....	153
Section X: Legal.....	155
Overview of Discrimination & Other Human Resource Issues .....	156
Title VII of the Civil Rights Act of 1964.....	156
Civil Rights Act of 1991.....	157
Age Discrimination in Employment Act of 1967 .....	157
Rehabilitation Act of 1973.....	158
Americans with Disabilities Act of 1990.....	159
Equal Pay Act .....	159
Executive Orders.....	160

Veterans' Rights.....	160
Pregnancy Discrimination Act.....	160
Family and Medical Leave Act .....	161
Illinois Human Rights Act.....	161
City and County Human Rights Ordinances .....	161
Tort Claims – “Retaliatory Discharge” .....	162
Other Human Resource Issues .....	162
Candidate Reference Checks .....	162
Fair Credit Reporting Act.....	163
Drug Testing.....	164
Polygraph Testing .....	164
Advertising .....	165
Fee Agreements.....	166
Oral Agreement.....	167
Written Agreement.....	167
Section XI: Ethics.....	171
GRN Code of Ethics.....	172
General Application.....	172
Client Relationships.....	172
Candidate Relationships.....	173
Ethical Relations with Other GRN Offices.....	174



**EXHIBIT 5**

**RESERVATION LETTER**

[date]

Global Recruiters Network, Inc.  
200 S. Wacker Drive  
Suite 1300  
Chicago, IL 60606  
Attention: \_\_\_\_\_

RE: Global Recruiters Franchise for \_\_\_\_\_

Dear \_\_\_\_\_:

As we discussed, I am seriously interested in acquiring a Global Recruiters Permanent Placement Business to be operated from \_\_\_\_\_ (the "Business Location") on or before \_\_\_\_\_ ("Execution Date").

Because I would like to reserve a place for me in your Initial Training Program session scheduled to begin on \_\_\_\_\_ (the "Training Session"), until the Execution Date, I enclose a check in the amount of \$10,000 (the "Deposit") as nonrefundable consideration for your reserving a place in the Training Session for me until the Execution Date.

I understand that you will credit the Deposit towards the Initial Franchise Fee of \$20,000 if you and I sign a Franchise Agreement for the Business Location.

I understand that if I do not execute a Franchise Agreement in the form of a Franchise Agreement in the FDD by the Execution Date, then you will have no obligation to reserve a place in the Training Session for me past that date; you will be free to permit another person to take the place reserved for me in the Training Session; and you will not refund any portion of the Deposit to me because you will have incurred expenses in connection with the prospective franchise, and because you may have lost the opportunity to fill one of the places in the Training Session, where space is necessarily limited.

This letter is not a Franchise Agreement between Global Recruiters Network, Inc. and me, and I agree that no court should interpret it that way. No Franchise Agreement will be binding on you and me unless and until it has been accepted and signed by me and one of your authorized officers.

I look forward to working with you towards the completion of my franchise purchase.

Sincerely yours,

\_\_\_\_\_  
[Name of Prospective Franchisee]

**EXHIBIT 6**

**TRAINING AGREEMENT**

## **TRAINING AGREEMENT**

**THIS AGREEMENT** is made and entered into this \_\_\_ day of \_\_\_\_\_, between **GLOBAL RECRUITERS NETWORK, INC.**, a Delaware corporation with its principal office at 200 S. Wacker Drive, Suite 1300, Chicago, IL 60606 (“**we**,” “**us**,” “**our**,” “**GRN**,” “**Franchisor**” or “**Company**”) and \_\_\_\_\_ whose principal address is \_\_\_\_\_ (“**you**,” “**your**” or “**Prospective Franchisee Trainee**”).

### **1. Prospective Franchisee Trainee**

You are a “Prospective Franchisee Trainee” - that is, you have submitted a completed franchise application to us for a GRN Permanent Placement Franchise; you have been furnished with our GRN Permanent Placement Franchise Disclosure Document (the “**FDD**”), as evidenced by your delivery to us of an executed and dated Receipt for the FDD; you have submitted to us a signed Reservation Letter accompanied by a Deposit; and, you intend to execute a GRN Permanent Placement Franchise Agreement with us (the “**Franchise Agreement**”).

Because we will conduct our next Initial Training Program before you and we will have the opportunity to execute the Franchise Agreement, you wish to begin (and perhaps complete) the Initial Training Program before you and we execute the Franchise Agreement, and we agree to permit you to do so under the terms and conditions of this Agreement. Unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement that is Exhibit 1 to the FDD we furnished to you.

### **2. Term of Agreement**

Unless this Agreement is sooner terminated in accordance with its provisions, the term of this Agreement will commence on the date we sign this Agreement and will expire on the earliest of (a) the date of our execution of the Franchise Agreement; (b) your completion of the Initial Training Program; or (c) your determination not to execute the Franchise Agreement and to withdraw from the Initial Training Program. The post-termination and post-expiration provisions of this Agreement will survive its expiration or sooner termination.

### **3. Not a License to Proprietary Marks**

You acknowledge and agree that nothing contained in this Agreement will be deemed to constitute a license to you to use or display any of the Proprietary Marks in any manner. You will acquire a limited, non-exclusive license to use the Proprietary Marks only pursuant to, and to the extent that these rights are granted by, the Franchise Agreement if and when you and we sign the Franchise Agreement. All materials bearing the “Proprietary Marks” are our exclusive property, including such materials which we loan to you during the Initial Training Program for the sole purpose of your training.

### **4. Covenant Not to Disclose Confidential Information**

You acknowledge that during the Initial Training Program, we will necessarily disclose some of our “Confidential Information” to you. “**Confidential Information**” is defined as knowledge, trade secrets or know-how concerning our systems of operation, programs, services, products, clients or practices and includes (without limitation) our confidential operating manual (the “**Manual**”) which we will lend to you; all supplements to the Manual which may we lend to you;

all other training material we lend to you; and, all information communicated to you by us or our trainers in the course of the Initial Training Program. Confidential Information will not, however, include information which you can demonstrate came to your attention before we disclosed it to you (unless illegally or improperly procured by you before our disclosure) or which, at or after the time of disclosure, has become a part of the public domain through publication or communication by others, but not through any act of yours. You agree not to disclose any of the Confidential Information without our prior written consent for any purpose other than fulfilling the requirements of the Initial Training Program. This covenant not to disclose confidential information will survive the expiration of this Agreement or the termination of this Agreement by either party.

## **5. Covenant Not to Compete**

You agree that during the Term of this Agreement and for a period of one year immediately following the expiration or termination of this Agreement for any reason, you will not directly or indirectly engage in any other business which is the same as or similar to a GRN permanent placement Business, or any other employment agency business operated by us or offered as a franchise by us (as such business now exists or as it may exist in the future), which offers services similar to GRN Professional Staffing services or one or more of the following services: personnel, human resources and/or staffing consulting, outplacement, career counseling, resume writing, employee leasing, outsourcing and/or “PEO” services (each, a “**Competitive Business**”).

You are prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, adviser, or consultant. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing in this Section will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as you do not control the company in question.

It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to, down or through you be bound by the provisions of this covenant.

If all or any portion of the covenants not to compete set forth in this Section 5 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You expressly agree to be bound by any lesser covenant subsumed within the terms of this Section 5 as if the resulting covenants were separately stated in and made a part of this Agreement.

You acknowledge that violation of the covenant not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of the

covenants not to compete was accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. Further, you expressly agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees, that we incur in connection with the enforcement of the covenants not to compete set forth in this Agreement.

#### **6. Assignment**

With respect to your obligations under this Agreement, this Agreement is personal, since we have entered into this Agreement in reliance on and in consideration of your singular personal skill and qualifications, the trust and confidentiality that we repose in you and the prospect that you and we will execute the Franchise Agreement. Therefore, neither your interest in this Agreement, or your rights, privileges or obligations under this Agreement may be assigned, sold, transferred, shared, reconsidered or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner.

#### **7. Default and Termination**

A. This Agreement will terminate and all rights granted in this Agreement will immediately and automatically terminate and revert to us without further notice to you if either you or we provide written notice to the other party that the party furnishing the notice has determined not to execute the Franchise Agreement.

B. You will have materially breached this Agreement and we may, at our option, terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you) upon the occurrence of any of the following events:

1. You omitted or misrepresented any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement.
2. We and you agree in writing to terminate this Agreement.
3. You are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe would be related to your operation of a GRN Business, or is likely to have an adverse effect on the GRN System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks.
4. You do not comply with the covenant not to compete during the term of this Agreement or violate the restrictions pertaining to the use of Confidential Information contained in this Agreement.
5. You fail to attend any scheduled day of the Initial Training Program.
6. You fail to substantially comply with any of the requirements imposed upon you by this Agreement or to carry out the terms of this Agreement in good faith.

## 8. Further Obligations and Rights on Termination or Expiration

Upon expiration or earlier termination of this Agreement for whatever reason, or upon assignment of this Agreement, you agree to:

1. Cease to use, in any manner or for any purpose, directly or indirectly, any of our Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by you by virtue of the Initial Training Program or the relationship established by this Agreement.
2. Immediately send to us, by United Parcel Service or other trackable delivery service, the Operating Manual, Supplements to the Operating Manual, all other training materials and all other materials of any type containing Confidential Information and/or bearing the Proprietary Marks obtained from us, and retain no copies of any of these materials. You agree that the foregoing items will be deemed to be our property for all purposes.
3. Continue to strictly comply with the covenants not to compete set forth in Section 5 of this Agreement and continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in Section 4 of this Agreement.

## 9. Notices

Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid), by documented overnight delivery with a reputable carrier; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to us will be addressed to us at:

Global Recruiters Network, Inc.  
200 S. Wacker Drive  
Suite 1300  
Chicago, IL 60606  
Attention: \_\_\_\_\_

Any notice to you will be addressed to you at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Either party to this Agreement may, in writing, on ten days notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

## 10. **Miscellaneous**

### A. **Governing Law and Venue**

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Illinois without recourse to Illinois (or any other) choice of law or conflicts of law principles. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, “implied covenant,” unfair competition, fiduciary or any other doctrine of law of the State of Illinois or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Cook County, Illinois or the location of our principal office, if outside the State of Illinois. You agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Cook County, Illinois or the location of our principal office, if outside the State of Illinois. You hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of “**forum non conveniens**”).

### B. **Waiver and Delay**

No waiver or delay in the enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver of any preceding or succeeding breach or delay in enforcement, or any other term, covenant or condition of this Agreement.

### C. **Not An Employment Contract, Not a Franchise Agreement**

You and we acknowledge that this Agreement does not constitute an employment contract, an agreement to enter into a franchise, a franchise agreement or the grant of a franchise. You acknowledge that no franchise rights accrue to you by virtue of this Agreement, but only by virtue of a GRN Franchise Agreement, if and when mutually executed by you and us by one of our authorized officers.

### D. **Survival**

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

### E. **Integration of Agreement; No Oral Modifications**

This Agreement constitutes the entire agreement between the parties with reference to the subject matter of this Agreement and supersedes all prior negotiations, understandings, representations, and agreements, if any; provided, however, that nothing in this sentence is intended to disclaim the representations we made in the FDD that we provided to you. This Agreement may not be amended orally, but may be amended only by a written instrument signed by you and us. You expressly acknowledge that our obligations are confined exclusively to the terms of this Agreement.



#### **F. Construction and Interpretation**

The titles and subtitles of the various sections and paragraphs of this Agreement are inserted for convenience and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language in all parts of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against you or us. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

#### **G. Severability**

Nothing contained in this Agreement will be construed as requiring the commission of any Act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. In the event that any part, section, paragraph, sentence or clause of this Agreement will be held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail on account thereof and the balance of the Agreement will continue in full force and effect. If any court of appropriate jurisdiction deems any provision of this Agreement (other than for the payment of money) unreasonable, said court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable and the parties hereto agree to be bound by and perform the same as thus modified.

**THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY OUR AUTHORIZED OFFICER.**

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

**PROSPECTIVE FRANCHISEE TRAINEE:**

Dated: \_\_\_\_\_  
(Attest):

**FRANCHISEE:**

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

\_\_\_\_\_  
Witness/Date

\_\_\_\_\_  
(Print Name)

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

\_\_\_\_\_  
(Print Name)

Dated: \_\_\_\_\_  
(Attest):

**FRANCHISOR:**

**GLOBAL RECRUITERS NETWORK, INC.**

\_\_\_\_\_  
Witness/Date

By: \_\_\_\_\_  
(an authorized officer)

**EXHIBIT 7**

**STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS**

**ADDENDUM TO  
THE GLOBAL RECRUITERS NETWORK, INC.  
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT**

**NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**CALIFORNIA**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF THE FRANCHISE AGREEMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, [www.grncorp.net](http://www.grncorp.net), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

4. **The registration of this franchise offering by the California Department of Financial Protection & Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.**

5. The following risk factor is added to the Special Risks to Consider About *This* Franchise page:

Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the Franchise Agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.

6. Item 3 of the Franchise Disclosure Document is amended to provide that neither the franchisor, nor any person in Item 2 of the Franchise Disclosure Document, 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.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

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

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

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

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

The Franchise Agreement requires binding arbitration in DuPage County, Illinois. You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. You 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 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 requires application of the laws of the State of Illinois. This provision might not be enforceable under California law.

The Franchise Agreement requires you to sign a 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 thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

8. California Corporations Code Section 31512.1 provides the following:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

## **ILLINOIS**

1. The following risk factor is added to the Special Risks to Consider About *This* Franchise page:

**Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

2. The following paragraph is added to the end of Item 5 of the Franchise Disclosure Document:

All initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement and the franchisees have commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

3. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## **MARYLAND**

1. The following paragraph is added to the end of Item 5 of the Franchise Disclosure Document:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

2. The "Summary" sections of Items 17(c) and (m) (captioned "Requirements for franchisee to renew or extend" and "Conditions for franchisor approval of transfer") of the Franchise Disclosure Document are amended by adding the following:

Any general releases you sign will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (See Exhibit 9 for the form of general release that we currently intend to use in connection with franchise transfers and renewals.)

3. The following language is added to the last paragraph of the Modifications to the GRN System sub-item in Item 16 of the Franchise Disclosure Document:

However, these promises and waivers are not intended and shall not act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. The "Summary" section of Item 17(h) (captioned "'Cause' defined – non-curable defaults") of the Franchise Disclosure Document is amended by adding the following:

The Franchise Agreement provides for termination upon your bankruptcy or insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

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

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

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

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

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

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

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## **MINNESOTA**

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

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

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

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

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum, or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties, or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement, if any, to the extent the law allows.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our

behalf. This provision supersedes any other term of any document executed in connection with the franchise.

## **RHODE ISLAND**

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

Arbitration and litigation must be in DuPage County, Illinois or the county where our principal office is located, if outside the State of Illinois, except that, subject to your arbitration obligation and to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” section of Item 17(w) (captioned “Choice of law”) of the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

Except for Federal Arbitration Act and other federal law, and except as required by the Rhode Island Franchise Investment Act, Illinois law governs.

## **VIRGINIA**

1. The “Summary” section of Item 17(h) (captioned “Cause’ defined – non-curable defaults”) of the Franchise Disclosure Document is amended by adding the following:

Pursuant 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 ground 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.

2. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.



**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

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

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

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the GRN Business that you will operate under the Franchise Agreement was made in the State of Illinois and the GRN Business will operate in Illinois, and/or (b) you are a resident of Illinois.

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

All initial fees and payments owed by Franchisee to GRN shall be deferred until GRN completes its pre-opening obligations under this Agreement and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to GRN's financial condition.

3.     **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 35 of the Franchise Agreement:

**35.     ILLINOIS FRANCHISE DISCLOSURE ACT**

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 any provision of the Act or any other law of Illinois is void.

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

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

**FRANCHISE OWNER**

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

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

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

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

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

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

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

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

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) your GRN Business will be operated in Maryland.

2. **AGREEMENTS/ASSIGNMENT-TRANSFER/RELEASES.** Section 4.03(5) and Section 14.04(10) of the Franchise Agreement are amended by adding the following:

, provided, however, that the general release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **ACKNOWLEDGMENTS/WAIVER.** Sections 8.03, 32.01, and 33.01 of the Franchise Agreement are amended by adding the following:

Such representations 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.

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

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

5. **REPRESENTATIONS AND ACKNOWLEDGMENTS.** Sections 32.01(A) through 32.01(H) are hereby deleted.

6. **TERMINATION BY US.** Section 17.01 of the Franchise Agreement is amended by adding the following:

Termination upon your bankruptcy or insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we intend to enforce this provision to the extent enforceable.

7. **GOVERNING LAW.** Section 29.03 of the Franchise Agreement is amended by adding the following language:

Despite anything to the contrary stated above, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

8. **VENUE.** Section 29.04 of the Franchise Agreement is amended by adding the following language:

**HOWEVER, SUBJECT TO YOUR ARBITRATION OBLIGATION, NOTHING IN THIS SUBSECTION AFFECTS YOUR RIGHT UNDER THE MARYLAND FRANCHISE**

**REGISTRATION AND DISCLOSURE LAW TO SUE IN MARYLAND FOR CLAIMS  
ARISING UNDER THAT LAW.**

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

; provided, however, that the limitation of such claims shall not act to reduce the three (3)-year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

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

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

**FRANCHISE OWNER**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**HOWEVER, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM, OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.**

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

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

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

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

**FRANCHISE OWNER**

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

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

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

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

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

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

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

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

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the GRN Business that you will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) you are a resident of Rhode Island and will operate the GRN Business in Rhode Island.

2. **GOVERNING LAW.** Section 29.03 of the Franchise Agreement is deleted and replaced with the following:

**ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT, THIS AGREEMENT; ALL RELATIONS BETWEEN THE PARTIES; AND ANY AND ALL DISPUTES BETWEEN THE PARTIES WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE IS TO BE EXCLUSIVELY CONSTRUED IN ACCORDANCE WITH AND/OR GOVERNED BY (AS APPLICABLE) THE LAW OF THE STATE OF ILLINOIS, WITHOUT RECOURSE TO ILLINOIS (OR ANY OTHER) CHOICE OF LAW OR CONFLICTS OF LAW PRINCIPLES, EXCEPT THAT ANY ILLINOIS LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. IF, HOWEVER, ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF ILLINOIS, AND IF THE FRANCHISED BUSINESS IS LOCATED OUTSIDE OF ILLINOIS AND THE PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED, THEN THE PROVISION (AND ONLY THAT PROVISION) WILL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS SECTION 29.03 IS INTENDED TO INVOKE THE APPLICATION OF ANY FRANCHISE, BUSINESS OPPORTUNITY, ANTITRUST, "IMPLIED COVENANT," UNFAIR COMPETITION, FIDUCIARY OR ANY OTHER DOCTRINE OF LAW OF THE STATE OF ILLINOIS OR ANY OTHER STATE, WHICH WOULD NOT OTHERWISE APPLY.**

3. **VENUE.** Section 29.04 of the Franchise Agreement is deleted and replaced with the following:

**ANY LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT;  
ANY BREACH OF THIS AGREEMENT; THE RELATIONS BETWEEN THE PARTIES;  
AND ANY AND ALL DISPUTES BETWEEN THE PARTIES, WHETHER SOUNDING IN  
CONTRACT, TORT, OR OTHERWISE, THAT ARE EXCLUDED FROM THE DISPUTE  
RESOLUTION PROCEDURE CONTAINED IN SECTION 24.01, EXCEPT AS**

OTHERWISE REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT, WILL BE INSTITUTED EXCLUSIVELY IN A STATE COURT OF COMPETENT JURISDICTION IN DUPAGE COUNTY, ILLINOIS, OR FEDERAL COURT FOR THE NORTHERN DISTRICT OF ILLINOIS LOCATED IN CHICAGO, ILLINOIS, OR THE LOCATION OF OUR PRINCIPAL OFFICE, IF OUTSIDE THE STATE OF ILLINOIS. YOU AGREE THAT ANY DISPUTE AS TO THE VENUE FOR THIS LITIGATION WILL BE SUBMITTED TO AND RESOLVED EXCLUSIVELY BY A COURT OF COMPETENT JURISDICTION SITUATED IN ILLINOIS, OR THE LOCATION OF OUR PRINCIPAL OFFICE, IF OUTSIDE THE STATE OF ILLINOIS. YOU HEREBY WAIVE AND COVENANT NEVER TO ASSERT OR CLAIM THAT THIS VENUE IS FOR ANY REASON IMPROPER, INCONVENIENT, PREJUDICIAL OR OTHERWISE INAPPROPRIATE (INCLUDING, WITHOUT LIMITATION, ANY CLAIM UNDER THE JUDICIAL DOCTRINE OF "FORUM NON CONVENIENS").

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

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

**FRANCHISE OWNER**

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

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

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

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

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

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



**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** 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.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Fee Deferral.** The following sentence is added to the end of Item 5 of the Franchise Disclosure Document and Section 5.01 of the Franchise Agreement:

Collection of the initial fees and payments will be deferred until we have fulfilled our initial pre-opening obligations and you are open for business.

The undersigned parties do hereby acknowledge receipt of this Addendum.

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

**FRANCHISE OWNER**

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

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

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

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

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

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

**EXHIBIT 8**

**LIST OF FRANCHISEES**

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
<b>ALABAMA</b>			
Birmingham East	Jim Degnan	205.661.1420	328 Westwood Drive Springville, AL 35146
Huntsville	David McElhaney	256.539.1444	102 Clinton Ave., Ste. 202 Huntsville, AL 35801
Redstone	Ed Clark	256.542.9700	221 Mainsail Way Madison, AL 35758
<b>ARIZONA</b>			
Albuquerque	Bret Hendzel	505.227.8982	4929 E. Roberta Drive Cave Creek, AZ 85331
Moon Valley	Jennifer Chavez	623.387.9995	321 E. Braeburn Dr. Phoenix, AZ 85022
<b>ARKANSAS</b>			
Bentonville	Paul Paschal	479-527-6838	102 E. Sunbridge Dr., Ste. 11 Fayetteville, AR 72703
Fort Smith	Chuck Brewer	479.763.3803	25 North 9 <sup>th</sup> Street Fort Smith, AR 72901
<b>CALIFORNIA</b>			
Algonquin	David Roggenbuck	224.215.0888	1716 Laurel Canyon Blvd. Los Angeles, CA 90046
Hollywood	John Shawger	323.466.4000	6255 Sunset Blvd., Ste 1525 Los Angeles, CA 90028
Murrieta	Jason Coughlin	951.257.9811	29626 Sawgrass Circle Murrieta, CA 92563
San Ramon	Adriaan Theron	925.462.0882	4725 First St., Ste. 262 Pleasanton, CA 94566
Walnut Creek	Michael & Cherie Soza	925.261.8090	173 Clyde Drive Walnut Creek, CA 94598
<b>CANADA</b>			
Calgary	Nino Virga	630.839.9154	9924 Patton Road SW Calgary, AB, T2V 5G2

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Montreal	Colin Singer	514.487.2011	4999 Ste. Catherine St. West Ste. 515 Montreal, Quebec H3Z 1T3
COLORADO			
Denver	Jessica Peskin	720.617.7555	4284 Hooker Street Denver, CO 80211
Denver South	Jeffrey Halleck	720.432.3911	5818 Berry Ridge Way Castle Rock, CO 80104
Denver Tech Center	Scott & Alaine Stucky	720.263.4800	4303 Chateau Ridge Road Castle Rock, CO 80108
Front Range	Michael Nordel	970.439.42222	1730 Green River Dr. Windsor, CO 80550
Parker	Andrew Kester	720.643.1988	10896 Omaha Lane Parker, CO 80138
Pikes Peak	Michael & Kate Fraser	719.283.6650	9972 English Ivy Ct. Colorado Springs, CO 80920
Uptown	Jessica Cranney	720.727.1411	2001 Lincoln Street, #1512 Denver, CO 80202
CONNECTICUT			
Hartford	Jeff & Shelley Schneider	860-358-9229	460 Smith St., Ste. J Middletown, CT 06457
Shoreline	Matthew Curran	203.29.2711	16 Mallard Drive Old Saybrook CT 06475
DELAWARE			
Wilmington	Jamie Mosberg	302.455.9500	4550 Linden Hill Rd., Ste. 304 Wilmington, DE 19808
FLORIDA			
Boca Raton	Scott Horne	516.994.8707	200 Knuth Rd., Ste. 252 Boynton Beach, FL 33436
Bradenton	Kim Walker	941.867.1241	5435 74 <sup>th</sup> Place E. Ellenton, FL 34222

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Brickell	Sinval De Medeiros	786.261.0554	444 Brickell Ave., Ste. 230 Miami, FL 33131
Clearwater	David Lomaka	727.314.7735	19 Heilwood St., Apt 2 Clearwater Beach, FL 33767
Fairfield	Donna James Kwalek	475.231.6600	6124 Citrus Grove Ct. St. Cloud, FL 34771
Fleming Island	Paul Coulter	904.264.9844	2017 Pond Ridge Ct., Unit 1001 Fleming Island, FL 32003
Gulf Coast	Michael McKinney	727.772.0036	1935 Lago Vista Blvd. Ste. A100 Palm Harbor, FL 34685
Gulf View	Ronald Frump	813.475.5338	10546 Cory Lake Drive, Ste. A Tampa, FL 33647
Merritt Island	Mark & Sue Erndt	321.417.0900	791 Wild Flower St., Ste. A-200 Merritt Island, FL 32953
Odessa	Kevin Pettinato	813-448-6211	15601 Shoal Creek Place Ste. 100 Odessa, FL 33556
Orlando	Joseph Gavigan	689.240.2144	1123 Yates St. Orlando, FL 32804
Orlando North	Eric Baker	352.508.6700	1340 Lake Dora Drive Tavares, FL 32778
Palm Beach	Cecille Spaulding	561.440.9411	10166 Siena Oaks Circle, Ste. A Palm Beach Gardens, FL 33410
Sarasota	Tony Stanol	818.222.8200	5871 Girona Place Sarasota, FL 34231
Smyrna	Joana Martins	786.471.2266	7715 NW 48 <sup>th</sup> St., Ste. 385 Doral, FL 33166

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Scottsdale	Todd Scott	623.439.3100	1305 Wicklow Lane Ormond Beach, FL 32171
West Palm Beach	Angel Romero	561.422.5150	9897 Lake Worth Rd. Ste. 206 Lake Worth, FL 33467
Winter Garden	Wayne Magerl	407-905-4441	14350 Hampshire Bay Circle Ste. 200 Winter Garden, FL 34787
<b>GEORGIA</b>			
Alpharetta	Roy Mick	770.954.8778	103 Carpenter Lane Waleska, GA 30183
Atlanta	Ashley Arnall Felton	404.618.6464	2120 Fernleaf Park Drive Atlanta, GA 30318
Atlanta North	Michael Clay	678-823-6322	4625 Alexander Dr., Ste. 160 Alpharetta, GA 30022
Atlanta South	Edward Clark	770-632-5940	101 Beckett Lane, Ste. 102 Fayetteville, GA 30214
Buckhead	Michael Brown	770.756.6779	235 Laurelmont Dr. Tyrone, GA 30290
Roswell	Brad McCaulley	678.369.9566	805 Trakehner Tarn Roswell, GA 30075
Sugarloaf	Greg Hickman	770.495.4008	1132 Satellite Blvd., Ste. 300B Suwanee, GA 30024
<b>ILLINOIS</b>			
Bolingbrook	Keith Boyd	630-755-3281	101 Royce Rd., Ste. 3 Bolingbrook, IL 60440
Chicago West	Mitch Anderson	708.665.8014	137 N. Oak Park Ave., Ste. 402 Oak Park, IL 60301
Clarendon Hills	Michael Brenk	630.986.5440	64 Waverly, Ste. A Clarendon Hills, IL 60514



## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Frankfort	Sean Garvey	815-806-7128	1040 Grand Mesa Avenue Suite A-100 New Lenox, IL 60451
Gurnee	Eric McKinnon	847.360.6470	5101 Washington Street Suite 11-10 Gurnee, IL 60031
Lincoln Square	Franz Wieshuber	773.983.3900	4526 N. Sacramento Street Chicago, IL 60625
Mid West	Jay Lerner	847.496.3810	1531 Central Avenue Deerfield, IL 60015
North Shore Chicago	Paul Jaeckel	224.228.6650	140 Jansen Lane Vernon Hills, IL 60061
Oak Brook	John Demsher	630.242.8886	1901 Butterfield Rd., Ste. 905 Downers Grove, IL 60515
Park Ridge	Joseph Sclafani	224.585.7644	8000 W. Davis Street Niles, IL 60714
Sauk Trail	James T. Allen II	815.219.4699	260 E. Sauk Trail Frankfort, IL 60423
Schaumburg	Richard Riffner	630.425.4644	1592 Hunting Hound Lane Bartlett, IL 60103
Stateline	Steven Cotone	815.201.5995	8235 Killarney Aire Rd. Roscoe, IL 61073
Three Rivers	Michael A. Price	815.246.5030	26325 Arbor Lane Channahon, IL 60410
INDIANA			
Batesville	Robert Heidlage	812.932.1290	131 Beechgrove Ave. Batesville, IN 47006
Bloomington	Kenneth Calabrese	812.221.1380	4131 W. Stoutes Creek Rd. Bloomington, IL 47404

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Carmel	Tracy Ring	317.218.9940	1016 3 <sup>rd</sup> Ave. SW, Ste. 106 Carmel, IN 46032
Covington	Cheri Lantz	260.387.0811	3028 Covington Farm Road Fort Wayne, IN 46814
Elkhart	Doug Reese	574.203.5377	51234 Aqua Dr. Elkhart, IN 46514
Fishers	Michael Groves	317.579.0080	10142 Brooks School Road Ste. 202 Fishers, IN 46037
Fort Wayne	Mark Leavitt	260.637.7685	351 Airport N. Office Park Fort Wayne, IN 46825
Greenwood	Brian Climer	317.325.8355	1708 Woodcroft Ct. Greenwood, IN 46143
Indianapolis North	Art Callahan	317.842.8114	7164 Graham Rd., Ste. 130 Indianapolis, IN 46250
Noblesville	Greg Palmer	317.747.0170	12800 Shepherds Way Fishers, IN 46037
Summit City	Keith Jacobsen	260.255.3456	10607 Monte Vista Ct. Fort Wayne, IN 46814
Westfield	Harry Chisholm	317.552.1715	8743 Caplock Lane Indianapolis, IN 4625
IOWA			
Pella	Brian Van Haaften	641.200.4420	205 E. Park Lane Pella, IA 50219
KANSAS			
Blue Valley	Michael O'Boyle	913.904.1873	12900 Metcalf, Ste. 170 Overland Park, KS 66213
Kansas City West	Troy Coats	913.800.5520	25255 W. 102 <sup>nd</sup> Terrace Ste. 106 Olathe, KS 66061

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Leawood	Tim Ehinger	913.444.9211	13748 Mohawk Rd., Ste. 810 Leawood, KS 66224
Mission	Paul Weise	913.356.9202	543 Hillcrest Road East Shawnee, KS 66217
The High Plains	Craig Leach	620.220.5911	1931 North Harvest Ridge Andover, KS 67002
LOUISIANA			
Acadiana	Robert Brown	337.706.9090	4021-A Ambassador Caffery Pkw, Ste. 159 Lafayette, LA 70503
MARYLAND			
Annapolis	Cheddy Matthews	240.238.5644	345 Green Aspen Ct. Millersville, MD 21108
Columbia	Trent Williams	667.686.9100	8312 Governor Grayson Way Ellicott City, MD 21043
Potomac	Don DeVore	240.772.5651	P.O. Box 34 Fairplay, MD 21733
MASSACHUSETTS			
Boston	Joanne MacLeod	617.775.1781	5 Jefferson Street Newton, MA 02458
Boston North	Won Park	781.935.5670	633 Waverly Rd., Ste. 100 North Andover, MA 01845
Boston South	Phillip Poinette	617.362.3494	7 Voses Lane Milton, MA 02186
The Cape	Jeff Russell	508-815-4027	586 Strawberry Hill Road Hyannis, MA 02632
Windsor	Mark Schmeizl	860.325.3505	69 Corser Hill Road Great Barrington, MA 01230
MICHIGAN			
Anchor Bay	Michael Zimmerman	586.209.2320	33593 Lakeview Street Chesterfield, MI 48047

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Ann Arbor	Brian Henriksen	734.761.2505	777 E. Eisenhower Pkwy. Ste. 150 Ann Arbor, MI 48108
Birmingham	Ed Moeller	248.764.4200	3310 W. Big Beaver Rd. Ste. 102 Troy, MI 48084
Farmington Hills	Evan Chudnow	248.428.0024	30835 W. Ten Mile Road, Ste. A Farmington Hills, MI 48336
Grand Rapids	Richard Lucas	616.483.0555	1470 Berrybrook Dr. SE Byron Center, MI 49315
Holland	Brian Ehler	616-335-7124	320 North 120 <sup>th</sup> Ave., Ste. 210 Holland, MI 49424
Rochester	Dax Cargill	248.329.1230	1801 Charm Court Rochester Hills, MI 48306
MINNESOTA			
Great Plains	Cordell Burton	319.209.6310	3451 Hidden Hills Ln., NE Rochester, MN 55906
Lakeville	Shelly Stever	612.491.7811	16841 Island Terrace Lakeville, MN 55044
Medina	Tom Mrachek	952.681.2483	343 Cherry Hill Trail, Suite 200 Medina, MN 55340
Stillwater	Keith Meyer	651.243.4666	1530 Cottage Drive Stillwater, MN 55082
MISSISSIPPI			
Biloxi-Ocean Springs	Steve Ates	228.207.1488	2113 Government Pl., Ste. H-3 Ocean Springs, MS 39564
MISSOURI			
Mid-Cities	Blair Lewis	817.591.1318	4925 Shaw Ave. St. Louis, MO 63110
St. Louis	Greg Stark	314.645.6444	10900 Manchester Rd., Ste. 209 St. Louis, MO 63122

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
MONTANA			
Missoula	Dave Best	406.205.2000	1001 E. Broadway St. Ste. 2 #416 Missoula, MT 59802
NEVADA			
Las Vegas	Tim Cauley	952.401.3412	1180 North Town Center Dr. Ste. 100 Las Vegas, NV 89144
NEW HAMPSHIRE			
Bedford	Tom Tellier	603.472.4477	1 Hardy Road, #116 Bedford, NH 03110
NEW JERSEY			
Hunterdon County	Eddie Jenkins	908.988.0165	4 Walnut Way Annandale, NJ 08801
NORTH CAROLINA			
Chapel Hill	David Morgan	919-230.8144	101 Cosgrove Ave., Unit #130 Chapel Hill, NC 27517
Coastal	John Salvadore	508.589.6022	403 Clarendon Avenue Southport, NC 28461
Elizabeth City	Steve Wolff	252-331-2775	106 Capital Trace, Unit D Elizabeth City, NC 27909
Lake Norman	Terry Emehel	704.321.4047	P.O. Box 683 Denver, NC 28037
Louisburg	Darrell Perry	919.496.2153	191 Highway 56 Louisburg, NC 27549
West Charlotte	William Kiser	704.228.1515	106 Mockingbird Ln. Lincolnton, NC 28092
OHIO			
Avon Lake	Jeff Scott	440.328.8410	5269 N. Barton Rd., Ste. 200 North Ridgeville, OH 44039
Beachwood	Steven Shaffer	216.367.5066	850 Euclid Ave., #1329 Cleveland, OH 44114
Cleveland North Shore	Jim Seifer	440.653.8060	509 Bridgeside Drive Avon, OH 44012

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Columbus	Scott & Claudia Davis	614.304.2400	13617 Church View Drive Pickerington, OH 43147
Dublin	William Owad	380.204.6777	7558 Heatherwood Lane Dublin, OH 43017
Hudson	Carl Wilkes	303.315.8300	Milford Corp. Center 77 Milford Dr., Ste. 258 Hudson, OH 44236
Queen City	Eric Clark	513.813.4333	105 E. Main Street, 2 <sup>nd</sup> FL Mason, OH 45240
OKLAHOMA			
Oklahoma City	James Lyons	405.608.6870	10802 Quail Plaza Dr., Ste.102 Oklahoma City, OK 73120
PENNSYLVANIA			
Berwyn	Peter Klinges	610.410.9811	144 Waterloo Avenue Berwyn, PA 19312
Lehigh Valley	Donald Edsall	610.403.9004	160 Green Street Lehigh Valley, PA 18235
Philadelphia Main Line	Edward Merry	610.465.1160	407 Ravenscliff Drive Media, PA 19060
Pittsburgh	Maureen Krezmien	412-927-1808	2200 Garden Dr., Ste. 200E Seven Fields, PA 16046
SOUTH CAROLINA			
Bridgewater	Denis Bilodeau	908.336.8945	357 Eaglecrest Drive Bluffton, SC 29909
Lexington	James Cannon	803.474.4300	108 Wintergreen Court Lexington, SC 29072
Lowcountry	Melissa Latham	847.469.4500	310 Turnstone Street Mount Pleasant, SC 29464
Naperville	Nick & Jill Principe	630-778-2338	328 Hulston Landing Road Bluffton, SC 29909

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Palmetto	Andy Kay	803.369.7970	115 Atrium Way, Suite 207 Columbia, SC 29223
Piedmont	Harvey Eden	704.601.7798	249 Venice Way, #3203 Myrtle Beach, SC 29577
Rock Hill	Brent Faulkenberry	803-792-4644	130 East Main Street Rock Hill, SC 29730
South Bay	Stephen Nickerson	424.358.5100	23171 Doris Way Torrance, CA 90505
The Midlands	Fee DeCosty	803.798.2044	1005 Village Creek Drive Columbia, SC 2921
TENNESSEE			
Chattanooga	Lisa Thomas	423.212.6165	8516 Blanche Road Ooltewah, TN 37363
Duck River	Tony Lott	931.378.8201	353 Canaan Road Columbia, TN 38401
Lookout	Benjamin Wham	434.328.5100	4088 Inlet Loop Chattanooga, TN 37416
Memphis	Keith Seagraves	901-881-1620	475 E. South St., Ste. 111 Collierville, TN 38017
Midsouth	Melissa Garrison	901.245.1933	11116 Ewe Turn Drive Arlington, TN 38002
Nashville	Annette Correll	615.219.9240	2249 Burnside Drive Murfreesboro, TN 37128
Oak Ridge	Ed Steinebach	865.224.8188	36 Palisades Pkwy. Oak Ridge, TN 37830
TEXAS			
Austin	Paul Mahosky	512-266-2926	6500 River Plaza Blvd. Building 7, Ste. 250-Office 231 Austin, TX 78732
College Station	Stacy Sacky	903.232.7180	707 Texas Ave., Ste. 205A College Station, TX 77840

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
Coppell	Michael Struffolino	817.796.9833	103 Manchester Lane Coppell, TX 75019
Carrollton	Jack Sigler	214.935.3577	2917 Mesquite Dr. Carrollton, TX 75007
Dallas Northwest	Al Cohen	972-899-9660	600 Parker Square, Ste. 290B Flower Mound, TX 75028
DFW North	Scott & Donna Morgan	940.295.5777	1151 Powell Road Lantana, TX 76226
Denton County	Steve Neuwoehner	972-961-3100	2624 Long Prairie Rd. Flower Mound, TX 75022
Dripping Springs	Lee Otten	512.382.7128	13062 Hwy. 290 W., Ste. 108 Austin, TX 78737
Fort Bend County	Herb Ochier	832-532-8642	11104 W. Airport Rd., Ste. 104 Stafford, TX 77477
Fort Worth	Bravis Brown	432.299.0199	11705 Wolfcreek Lane Fort Worth, TX 76244
Highland Village	Alan Bennett	972-899-0833	602 Duvall Blvd. Highland Village, TX 75077
Las Colinas	Thomas Bath	972.532.7001	5 Crestwood Drive, Ste. 100 Trophy Club, TX 76262
Liberty Hill	Michael Garmon	512-687-4119	505 Lakeside Dr., 1 <sup>st</sup> FL Georgetown, TX 78628
McKinney	Tyler Frisbie	214-842-6891	206 S. Kentucky, Ste. 307 McKinney, TX 75069
Midtown	Roheen Charanya	469.251.8188	1205 Apache Lake Dr. Carrollton, TX 75010
North Dallas	Robert DeRossett	469.264.5322	502 Benge Street McKinney, TX 75069



## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
North Houston	Darrin Reed	832.663.8957	13211 Windfern Rd., Ste. G Houston, TX 77064
Pear Evolution	Brett Poirier	726.217.0233	16219 Ponderosa Pass Helotes, TX 78023
Plano	Laura Klein	469.701.1712	4417 Maize Drive Plano, TX 75093
Prosper	Dawn Atwood	469.659.7223	2720 Greenhigh Lane McKinney, TX 75071
Richardson	Kevin Costigan	469.825.4944	5732 Eaglebend Drive Richardson, TX 75082
San Antonio	Bill Irish	210-787-1730	13300 Old Blanco Rd., Ste. 295 San Antonio, TX 78216
Stars	Don Reed	682.244.2833	932 Spring Creek Dr. Grapevine, TX 76051
The Hill Country	Warren Abbott	210-880-4995	2376 Bulverde Rd., Ste. 114 Bulverde, TX 78163
Victoria Crossroads	Gail Rice	361.579.2200	3762 Burroughsville Rd. Victoria, TX 77905
Westlake Hills	William Loven	512-271-6940	6507 Jester Blvd., Bldg. 5 Suite 510-M Austin, TX 78716
UTAH			
Mountain Point	Joel Guzman	385.746.8511	324 W. 2730 N. Lehi, UT 84043
Salt Lake City	Pete Taylor	801.484.2220	2257 South 1100 East, Ste. 203 Salt Lake City, UT 84106
VIRGINIA			
Richmond	Scott Anderson	804.932.6144	7210 Blanc Street New Kent, VA 23124

## **EXHIBIT 8**

### **LIST OF FRANCHISEES**

<b><u>OFFICE</u></b>	<b><u>FRANCHISEE</u></b>	<b><u>PHONE</u></b>	<b><u>OFFICE ADDRESS</u></b>
<b>WASHINGTON</b>			
Black Hills	Curt Westberg	605.202.2773	215 Beach Street Palouse, WA 99161
Mt. Rainier	Mick Tyler	425-336-7451	12513 106 <sup>th</sup> Ave. SE, Ste. 200 Renton, WA 98059
Seattle	Barry Wilber	253-833-5553	181 S. 333 <sup>rd</sup> Building C Ste. 140 Federal Way, WA 98003
<b>WISCONSIN</b>			
Chilton	Terry Criter	920.522.4164	509 Madison Street Chilton, WI 53014
Green Bay	Diane Mitchell	920.278.2223	2580 Bay Harbor Circle-2 Green Bay, WI 54304
Madison	Brian Stuesser	608.662.7770	2979 Triverton Pike Dr. Ste. 104 Madison, WI 53711
Milwaukee	Mike Klee	414.226.1400	200 S. Washington, Ste. 2C Appleton, WI 54911
Oshkosh	Douglas Penterman	920.383.1381	217 Mandella Court Neenah, WI 54956
The Heartland	Colyn Bruss	920.204.7930	1428 Shannon Street Green Bay, WI 54304
West Bend	Greg Ciriacks	262-384-4699	1530 Corporate Center Drive Ste. 2 West Bend, WI 53095

## List of Former Franchisees as of December 31, 2024

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

### **CONNECTICUT**

Maureen & Steve Scalzo  
Ridgefield, CT 06877  
203.438.5321

### **PENNSYLVANIA**

Heather Tassoni  
Plymouth Meeting, PA 19462  
215.778.9128

### **SOUTH CAROLINA**

John Wolaver  
Murrells Inlet, SC 29576  
404.740.7595

### **TENNESSEE**

Terry Baker  
Hixson, TN 37343  
423.598.9868

### **TEXAS**

Jonathan Jennings  
Keller, TX 76248  
312.504.5902

### **WISCONSIN**

Mike & Phylis Klee  
Appleton, WI 54913  
920.470.5558

Steve McKnight  
Fox Valley, WI 54913  
913.220.1850

**EXHIBIT 9**

**GENERAL RELEASE**

**GLOBAL RECRUITERS NETWORK, INC.**

**GENERAL RELEASE**

**Global Recruiters Network, Inc.** ("we," "us," or "our") and the undersigned franchisee, \_\_\_\_\_ ("you" or "your"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated \_\_\_\_\_. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our affiliates, and our and their current and former officers, directors, shareholders, principals, agents, representatives, employees, successors, and assigns (collectively, the "GRN Parties"), from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, "Claims") that you and any other Releasing Party now have, ever had, or, but for this document, hereafter would or could have against any GRN Party (1) arising out of or related in any way to the Releasing Parties' rights or the GRN Parties' obligations under the Franchise Agreement before the dates of the signatures below or (2) otherwise arising out of or related in any way to your and the other Releasing Parties' relationship, from the beginning of time to the dates of the signatures below, with any GRN Party. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the GRN Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

[The following language should be used with California franchisees]

*Each of the parties granting the release above acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:*

*"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."*

*Each of the parties granting the release above hereto recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this release. Each of the parties granting this release hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of*

*the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.*

[This General Release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law to the extent prohibited by such law.]

[This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

**GLOBAL RECRUITERS  
NETWORK, INC.**

\_\_\_\_\_  
[Name of Franchisee]

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[Name of Owner]

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

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>State</b>	<b>Effective Date</b>
California	Pending
Illinois	[Date]
Indiana	[Date]
Maryland	Pending
Michigan	[Date]
Minnesota	Pending
Rhode Island	Pending
South Dakota	[Date]
Virginia	[Date]
Washington	Pending
Wisconsin	[Date]

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.

## RECEIPT

### (FRANCHISOR'S COPY-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 Global Recruiters Network, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[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.]

If Global Recruiters Network, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit 3.

The franchisor is Global Recruiters Network, Inc. located at 200 S. Wacker Drive, Suite 1300, Chicago, Illinois 60606. Its telephone number is (866) 476-8200.

The franchise sellers for this offering are Bradford Baiocchi, Glen Louthan, Paul Rody and \_\_\_\_\_, 200 S. Wacker Drive, Suite 1300, Chicago, Illinois 60606, (866) 476-8200.

Issuance Date: April 25, 2025

We authorize the respective state agents identified on Exhibit 3 to receive service of process for us in the particular states.

I received a disclosure document from Global Recruiters Network, Inc. dated as of April 25, 2025, that included the following Exhibits:

1. Franchise Agreement (including exhibits for Franchised Business Location and Designated Trainees; Proprietary Marks; Promissory Note; GRN Exchange Program Agreement; Computer Hardware and Software; CAPSX Software® License Agreement; Conditional Assignment of Telephone Numbers and E-Mail Addresses; Confidentiality/Non-Competition Agreement; Guarantee; and Reporting, Invoicing, and Payment Program and Authorization Agreements)
2. Financial Statements
3. State Administrators/Agents for Service of Process
4. Table of Contents of Recruiter's Manual
5. Reservation Letter
6. Training Agreement
7. State Addenda and Franchise Agreement Riders
8. List of Franchisees
9. General Release

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchise Owner



## RECEIPT

### (FRANCHISEE'S COPY-KEEP 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 Global Recruiters Network, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[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.]

If Global Recruiters Network, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit 3.

The franchisor is Global Recruiters Network, Inc. located at 200 S. Wacker Drive, Suite 1300, Chicago, Illinois 60606. Its telephone number is (866) 476-8200.

The franchise sellers for this offering are Bradford Baiocchi, Glen Louthan, Paul Rody and \_\_\_\_\_, 200 S. Wacker Drive, Suite 1300, Chicago, Illinois 60606, (866) 476-8200.

Issuance Date: April 25, 2025

We authorize the respective state agents identified on Exhibit 3 to receive service of process for us in the particular states.

I received a disclosure document from Global Recruiters Network, Inc. dated as of April 25, 2025, that included the following Exhibits:

1. Franchise Agreement (including exhibits for Franchised Business Location and Designated Trainees; Proprietary Marks; Promissory Note; GRN Exchange Program Agreement; Computer Hardware and Software; CAPSX Software® License Agreement; Conditional Assignment of Telephone Numbers and E-Mail Addresses; Confidentiality/Non-Competition Agreement; Guarantee; and Reporting, Invoicing, and Payment Program and Authorization Agreements)
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Date

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Prospective Franchise Owner