

Provision	Section In Area Representative Agreement	Summary
j. Assignment of contract by franchisor	19.1	We may assign to a successor who remains bound by the terms of the Agreement.
k. "Transfer" by franchisee – defined	19.2, 19.3, 19.4	Includes transfer of Area Representative Agreement, any interest of the Area Representative Agreement, or substantially all of the assets of the Area Representative Business.
l. Franchisor approval of transfer by franchisee	19.6	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	19.2, 19.6	You must be in compliance with the Agreement, sign a release, pay the transfer fee, we must approve the transferee, transferee must attend and successfully complete training, and sign our current Agreement.
n. Franchisor's right to first refusal to acquire franchisee's business	19.5	We have a right of first refusal to match any purchase offer for your franchise, any interest in the franchise, or substantially all the assets of the Area Representative Business.
o. Franchisor's option to purchase franchisee's business	None	Not applicable
p. Death or disability of franchisee	20	Transfer must be commenced within 60 days, completed within 6 months; we must approve the transferee, transferee must attend and successfully complete training, and sign our then current Agreement.
q. Non-competition covenants during the term of the franchise	17	No competition allowed in the United States and its territories: <a href="#">(subject to applicable state law)</a> .
r. Non-competition covenants after the franchise is terminated or expires	17	No competition for 2 years within the Territory or 25 miles from the boundaries of the Territory or 25 miles of the territory of any Unit Franchised Business <a href="#">(subject to applicable state law)</a> :-
s. Modification of the agreement	21, 6	No modifications except to the Manual. Revisions to the Manual will not unreasonably affect the franchisee's obligations, including economic requirements, under the Agreement.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The Area Representative Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Virginia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.

2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **General 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.

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.

to develop or acquire accounting offices and then convert them to franchise locations. The Claimants filed an Amended Statement of Claim on January 21, 2026, alleging breach of contract, breach of implied duty of good faith and fair dealing, fraud in the inducement, common-law fraud, negligent misrepresentation or in the alternate rescission/restitution. The Respondents deny the allegations and have asserted counterclaims alleging that the Claimant breached the joint venture agreement by failing to enter into franchise agreements, and failing to operate as a franchise and pay advertising fees, royalties, training fees, and other required fees, along with failure to comply with operational requirements, unauthorized use of registered trademarks, false advertising, and failure to pay for certain support services. The Claimant seeks approximately \$1,945,301.11 in damages, together with interest, attorneys' fees, arbitration costs, and such other relief as permitted by law or agreement. The Respondents seek \$225,000 on the counterclaims. No conclusions of law or fact have been made, ~~and no arbitration date has been set.~~ [An evidentiary hearing has been scheduled for November 2026.](#)

### **Concluded Actions:**

*K&A Publicidad, Inc. v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc. d/b/a Siempre Tax and John Hewitt*, (Case No. CL17-4169), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff is a company owned and controlled by Kirke Franz Szawronski. Plaintiff alleges that it entered into a contract with Liberty to provide promotional and strategic relationship services to help grow the SiempreTax brand. Plaintiff alleged that defendants breached the contract for failure to pay for services and seeks damages. This matter, along with the *Kirke Franz Szawronski* matter described below, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

*Kirke Franz Szawronski v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc., d/b/a Siempre Tax and John Hewitt*, (Case No. CL17-4170), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff was a former employee and filed a lawsuit claiming breach of employment agreement with Plaintiff by failing to pay 6-months' severance. Plaintiff also asserted a claim for defamation. This matter, along with the *K&A Publicidad, Inc.* matter described above, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

*Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant*, (Case No. 2017-0883), filed on December 12, 2017 in the Court of Chancery of the State of Delaware. Plaintiff alleged that Liberty's former CEO, John T. Hewitt ("Hewitt"), breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with the *Erie County* matter described just below and then continued under the caption *In Re: Liberty Tax, Inc. Stockholder Litigation*.

*Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant*, Case No. 2017-0914, was filed the Court of Chancery of the State of Delaware on December 22, 2017. Plaintiff also alleged that Hewitt

**Advertising Council.** We do not have an advertising council.

**Advertising Cooperative.** You are not required to participate in a local or regional advertising cooperative.

**Computer Systems:**

**Computer Equipment and Software.** You will need internet access and a computer with video conference capabilities. We may also require you to purchase software such as Microsoft Office, a sales lead management software (Hubspot), Zoom Professional Account, SalesMsg (messaging platform), calendaring software, and other software that we may specify in the future. Your costs will vary depending on whether you have these items already and what type of computer you purchase. Depending on what you have already, these items can typically be purchased for \$2,000 - \$2,500. Software subscriptions will be approximately \$300 a month.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You must maintain your computer systems in good working order and must replace, update or upgrade your hardware systems as we require. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is \$500 - \$1,000.

**Independent Access to Information.** We reserve the right to have independent access to the information that will be generated or stored in your computer system. You will store prospect, financial, and operational information in your computer systems. There are no contractual limitations on our right to access the information. (Area Representative Agreement, Section 14.5).

**Area Representative Operations Manual:**

Exhibit H contains the Table of Contents to the Area Representative Operations Manual (“AR Manual”). The AR Manual contains thirty-five pages.

**TRAINING PROGRAM**

**Area Representative Training**

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on-the-job Training</u>	<u>Location</u>
<u>Introduction</u>	<u>.5</u>	<u>0</u>	<u>(Note 1)</u>
<u>Area Representative Role &amp; Responsibilities</u>	<u>1</u>	<u>0</u>	
<u>Top 10 Guide</u>	<u>1</u>	<u>0</u>	
<u>Territory Development &amp; Market Management</u>	<u>1</u>	<u>0</u>	
<u>Franchise Development &amp; Recruitment</u>	<u>1</u>	<u>0</u>	

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on-the-job Training</u>	<u>Location</u>
<u>Training, Launch, and Field Support</u>	<u>1</u>	<u>0</u>	
<u>Operational Oversight &amp; Compliance</u>	<u>1</u>	<u>0</u>	
<u>Financial Management &amp; Performance Review</u>	<u>1</u>	<u>0</u>	
<u>Post-Training Action Plan</u>	<u>.5</u>	<u>0</u>	
<b><u>Total</u></b>	<b><u>8</u></b>	<b><u>0</u></b>	<b>-</b>

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on-the-job Training</b>	<b>Location</b>
Introduction	.5	0	Note 1
Area Representative Role & Responsibilities	1	0	
Territory Development & Market Management	1	0	
Franchise Recruitment & Development	1.5	0	
Training, Launch & Field Support	1.5	0	
Operational Oversight & Compliance	1.5	0	
Financial Management & Performance Review	1	0	
<b>Total</b>	<b>8</b>	<b>0</b>	<b>-</b>

### Unit Training

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
<b>Remote Pre-Training</b>			
Company Overview and Values	1	0	Online
Technology	2	0	Online
Trailhead Hiker	2	0	Online
Passenger	1	0	Online
Driver	2	0	Online

## ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law governs the Area Representative Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Area Representative Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act **or any other law of the State of Illinois** is void.

4. The conditions under which your Area Representative Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

6. Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its preopening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

**ILLINOIS ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

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

1. Illinois law governs the Area Representative Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.
5. 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.

6. Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its preopening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

AREA REPRESENTATIVE:

FRANCHISOR:  
Happie Doggie, LLC

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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