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## FRANCHISE DISCLOSURE DOCUMENT

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Swift International Staffing, LLC  
A Delaware limited liability company  
2760 Lighthouse Point W, Suite 201  
Baltimore MD 21224  
410-547-2424  
franchise@sistaffing.com www.sistaffing.com

The franchised business is to provide placement of professional and temporary staffing under the trade name “SI Staffing.”

The total investment necessary to begin operation of a SI Staffing franchise is \$74,883 to \$132,300. This includes \$40,000 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation under a multi-unit development agreement (assuming the purchase of 2 locations) is \$144,883 to \$202,300. This includes an additional \$70,000 that must be paid to the franchisor or affiliate. There is no minimum amount of SI Staffing units you are required to develop under the multi-unit development agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in

connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Yuri Kovalenko at 2760 Lighthouse Point W, Suite 201, Baltimore MD 21224 and 410-547-2424, 443-825-0646.

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: February 28, 2024

## How to Use This Franchise Disclosure Document

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

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<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.
<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 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 SI Staffing 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 SI Staffing franchisee?</b>	Item 20 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 A.

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 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 Maryland. 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 Maryland than in your own state.
2. **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.
3. **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.
4. **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.
5. **Mandatory Minimum Payments**. You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

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## FRANCHISE DISCLOSURE DOCUMENT

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## **EXHIBITS**

- A. State Addenda to Disclosure Document
  - B. Franchise Agreement (with State Addenda to Franchise Agreement, Guaranty and Non-Compete Agreement, and Form of General Release)
  - C. Multi-Unit Development Agreement (with State Addenda to Multi-Unit Development Agreement)
  - D. State Administrators and Agents for Service of Process
- State Effective Dates  
Receipt (2 copies)

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

In this disclosure document, “we”, “us,” or “our” refers to Swift International Staffing, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

### Our Business

Our name is Swift International Staffing, LLC. Our principal business address is 2760 Lighthouse Point W, Suite 201, Baltimore MD 21224. We are a Delaware limited liability company. We were formed in 2018. We use the name “SI Staffing”. We do not intend to use any other names to conduct business. We have offered franchises since 7/09/2018. We (that is, Swift International Staffing, LLC) do not operate businesses of the type being franchised, but our affiliate does. We do not have any other business activities. We have not offered franchises in other lines of business.

### Our Predecessors

We do not have any predecessors.

### Parents

We do not have any parent entities.

### Agent for Service of Process

Our agent for service of process in Delaware is Resident Agents, Inc., and the agent’s principal business address is 8 The Green, Suite R, Dover, DE 19901. Our agents for service of process in other states are disclosed in Exhibit A.

### Our Affiliates

We have one affiliate that offers optional services to franchisees. Business Industry Advisors, LLC’s principal business address of our affiliate is 31 Light St., Baltimore, MD 21224. Business Industry Advisors, LLC is a Maryland limited liability company formed in 2016. Business Industry Advisors, LLC is wholly owned by our co-founder, Yuri Kovalenko, and operates as a Transworld Business Advisors franchise. Business Industry Advisors, LLC provides customer referral support to our franchisees and provides franchisees with access to all Transworld Business Advisors locations across the United States.

We do not have any affiliates that offer franchises in any line of business. None of our affiliates provides products or services to our franchisees.

### Information About the Franchises Offered



If you sign a franchise agreement with us, you will develop and operate a staffing business focused on light industrial transportation and administrative positions, or medical positions under the trade name SI Staffing.

We also offer to qualified individuals the opportunity to sign a Multi-Unit Development Agreement (“MUDA”) with us. Individuals that sign a MUDA may develop multiple Swift International Staffing locations according to an agreed upon schedule. For each additional franchised location, franchisees will be required to sign our then-current form of franchise agreement, which may differ from the current franchise agreement included in this Franchise Disclosure Document.

### Laws and Regulations

You must comply with all federal, state and local laws and regulations that apply to your operations, including those pertaining to the staffing and transportation industry, professional and facility licensing, workers’ compensation, corporate, tax, environmental, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment and sexual harassment laws. You should consider the following types of regulation that may apply to the ownership and operation of your Franchised Business:

#### Licensure; Record Keeping

You must obtain and maintain any permits, licenses, certifications or other indications of authority necessary for the operation of your Franchised Business, including, for example, a home care agency license, nurse staffing and/or employment agency license. Some states have imposed a moratorium on the issuance of certain licenses or permits. You are responsible for investigating the availability and requirements for obtaining all necessary licenses in your state. Some states may also have specific record-keeping or other requirements from our franchisees. You will be responsible for investigating and complying with any such laws that may apply in your territory.

#### Other Federal Regulations

There are a number of federal laws prohibiting certain activities and arrangements relating to services or items that are reimbursable by government funded programs. While Medicare and Medicaid laws may not apply to your Franchised Businesses, these laws may apply to those facilities, including laws prohibiting Medicare- or Medicaid-participating facilities, from employing providers excluded from those programs. It is your responsibility to determine whether and to what extent employees of your Franchised Business need to be screened for their possible excluded status in these or other payment programs.

We require all of our franchisees to be compliant with the portions of the Health Insurance Portability and Accountability Act (“HIPAA”) which require health care providers to submit transactions related to payment in standard electronic formats and regulate the security and privacy of health data, and HIPAA’s implementing regulations, including the HIPAA Privacy Rule, HIPAA Breach Notification Rule, HIPAA Security Rule, HITECH Act, and Omnibus Rule. Under HIPAA’s privacy and security regulations, you must implement privacy and security policies and safeguards, designate a privacy and security officer, inform individuals how their health information is used and disclosed, provide access to health information, and give notice of certain

breaches of protected data.

### General Matters

You will compete against national chains, regional chains, and independent owners. The staffing industry is extremely competitive and mature in most markets. Our focus in the Industrial transportation market provides some competitive advantages, but you will still face competition in virtually every market. Some of these competitors are franchised. Sales are not seasonal.

### Prior Business Experience

Our affiliate, SI Staffing, LLC, a Maryland limited liability company, has operated SI Staffing in Baltimore, Maryland since 2011. This affiliate has the same business address as us.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Yuri Kovalenko**

Mr. Yuri Kovalenko is our co-founder. Mr. Kovalenko has also served as the CEO/Co-founder of our affiliate, SI Staffing, LLC, which shares our principal business address, since its inception in May 2011.

### **Andrey Gustov**

Mr. Andrew Gustov is our co-founder. Mr. Gustov has also served as the CEO/Co-founder of our affiliate, SI Staffing, LLC, which shares our principal business address, since its inception in May 2011.

## **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**

### Franchise Fee

When you sign your franchise agreement, you must pay us \$15,000 as the Initial franchise fee. This fee is uniform. In the fiscal year, ending December 31, 2022, franchisees paid between \$20,000 - \$35,000 as an initial franchise fee.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise

agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

### Initial Training Fee

You must pay us a non-refundable initial training fee of \$20,000 (an “Initial Training Fee”) for either industrial or medical staffing, or \$25,000 for both, which includes 3 trainees when you register for our initial training program (the “Initial Training Program”).

### Multi-Unit Development Agreement

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Attachment 3 to Franchise Agreement contained within Exhibit B to this disclosure document. You will pay us a lump sum of \$15,000 per unit at the time of execution of the MUDA. You are not limited on the number of franchises you can open under the MUDA. The Development Fee is uniform and non-refundable.

### U.S. Veterans’ Discount

If (i) you are a veteran, (ii) your spouse is a veteran or on active duty, (iii) your biological mother or father is a veteran or on active duty, (iv) your spouse’s biological mother or father is a veteran or on active duty, (v) your child is a veteran or on active duty, or (vi) the shareholders, members, or partners owning at least 51% of the franchise business are veterans, then we will discount our initial franchise fee by 30%. “Veteran” means honorably discharged from the United States Army, United States Navy, United States Marine Corps or United States Coast Guard and can provide proof of veteran or military status by providing a DD214 or military orders. A “child” is defined as a biological child or legally adopted child.

Except for the Veteran’s Discount as described above, all of the fees described in Item 5 are uniformly calculated and imposed.

## **ITEM 6. OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	5.5% of your gross sales during the first three months in business. After your first three months in business, you will pay \$750 or 5.5% of Gross Sales, whichever is greater. A minimum Royalty Fee of \$12,000 per year is required.	Monthly, on the 5 <sup>th</sup> day of the following month	If you have not paid a minimum royalty of \$12,000 by the anniversary date of your franchise agreement, you will pay us a lump sum amount of the remaining minimum royalty due. See Note 1.

National Account Royalty	7% of your gross sales	Monthly, on the 5 <sup>th</sup> day of the following month	All amounts paid towards the National Account Royalty will be credited towards your \$12,000 annual minimum royalty. See Note 2.
Direct Hire Royalty	25% of your gross sales.	Monthly, on the 5 <sup>th</sup> day of the following month	All amounts paid towards the Direct Hire Royalty will be credited towards your \$12,000 annual minimum royalty. See Note 3.
National Account Direct Hire Royalty	30%	Monthly, on the 5 <sup>th</sup> day of the following month	All amounts paid towards the National Account Direct Hire Royalty will be credited towards your \$12,000 annual minimum royalty. See Note 3.
Local Marketing	4% of your gross sales	Monthly	See Item 11 for a detailed discussion about the Local Marketing requirement.
Marketing Fund Contribution	1% of your gross sales	Monthly, on the 5 <sup>th</sup> day of the following month	
Market Cooperative Contribution	As determined by co-op. Currently, none.	Monthly, on the 5 <sup>th</sup> day of the following month	We have the right to establish local or regional advertising cooperatives.
Replacement / Additional Training Fee	Currently, \$5,000	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Technology Fee	\$150 + \$195 per license per month	Monthly, on the 5 <sup>th</sup> day of the following month	The license fee will be paid for each license.
Third Party Vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together a reasonable markup or charge for administering the payment program.

Reimbursement	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Breach of territory fee	The greater of (i) \$500 or (ii) 75% of the amount paid by the customer outside of your territory.	On demand	If you serve a customer outside of your territory without our prior written permission, we may impose this fee.
Special support fee	Our then-current fee, plus our expenses. Currently, \$650 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Non-compliance Fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Records Audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit

			required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any month.
Business evaluation fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an in-person evaluation of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$2,000	When transfer occurs	Payable if you sell your business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence). This fee is subject to State law.
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

#### Notes

1. "Gross Sales is defined in our franchise agreement as the total dollar amount of all sales generated through your business for given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross

Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collect, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. “National Account Royalty” is defined as Gross Sales generated through accounts which are defined as National Accounts. National Accounts are businesses which have location in more than one market and the relationship is managed directly by the Franchisor. Franchisor will delegate this business to Franchisee.
3. The “Direct Hire Royalty” is defined as Gross Sales generated through the hiring of individuals directly to the client. These individuals are placed directly with the client by the franchisee and do not pass through SIS Staffing before being hired by the client.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

#### A. Franchise Agreement

Type of expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$15,000	Lump sum	Upon signing the franchise agreement	Us
Initial Training and Sales Support Fee	\$25,000	Lump Sum	When you Register for our Initial Training Program	Us
Rent, Utilities, and Leasehold Improvements	\$1,933 to \$5,100	As incurred	As incurred or when billed	Landlord, Utilities and Contractors
Market Introduction Program	\$5,000 to \$10,000	As incurred	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$1,000 to \$3,000	Lump sum	As incurred	Vendors and suppliers
Computer Systems	\$3,500 to \$7,000	As incurred	As incurred	Vendors and suppliers
Insurance	\$500 to \$1,000	Lump sum	Upon ordering	Insurance company
Signage	\$400 to \$2,500	Lump sum	Upon ordering	Vendor
Office Expenses	\$250 to \$1,000	As incurred	As incurred	Vendors
Licenses and Permits	\$100 to \$200	Lump sum	Upon application	Government
Dues and Subscriptions	\$200 to \$500	As incurred	As incurred	Vendors, trade organizations

Professional Fees (lawyer, accountant, etc.)	\$1,000 to \$3,000	As incurred	As incurred or when billed	Professional service firms
Additional funds (for first 3 months) (See Note 3)	\$40,000 to \$60,000	Varies	Varies	Employees, suppliers
Total	\$74,883 to \$132,300			

## B. Multi-Unit Development Agreement

Type of expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee	\$70,000	Lump Sum	Upon Execution of the MUDA	Us
Initial Investment to Open Initial Location (See Note 4)	\$74,883 to \$132,300	See Chart A of this Item 7		
Total	\$144,883 to \$202,300	This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of two (2) locations, as well as the costs to open and commence operating your initial location for the first three (3) months (as described more fully in Chart A of this Item 7).		

## Notes

1. The initial franchise fee is refundable only as described in Item 5. If you lease a location, then your lease security and utility will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.
2. We estimate real property, utilities and leasehold improvements as a minimal expense as you will probably need only a small suite of offices.
3. This includes any other required expenses you will incur before operations begin and during the first 3 months of operations, such as payroll, additional inventory, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a SI Staffing business by our affiliate, and our general knowledge of the industry, and a \$20,000 reserve for funding.
4. This figure represents the total estimated initial investment required to open the initial location you agreed to open and operate under the Multi-Unit Development Agreement.



You will be required to enter into our then-current form of franchise agreement for the initial location you open under your Multi-Unit Development Agreement. The range includes all the items outlined in Chart 7.A. of this Item, except for the Initial franchise Fee because you are not required to pay any Franchise Fee for those locations you open under your Multi-Unit Development Agreement. It does not include any of the costs you will incur in opening any additional location(s) that you are granted the right to own and operate under your Multi-Unit Development Agreement.

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

### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

### Specific Obligations

The following are our current specific obligations for purchases and leases:

Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iii) Workers Compensation coverage as required by state law. Your insurance policies must add us and our affiliates as additional insured.

Computer software. You must purchase and use the computer software that we specify. See Item 11 for more details.

Marketing materials. To be ordered through the same vendor to protect quality.

Payroll Processing and Funding Services. You must use our required vendors who provide these services to franchisees. You are required to use the payroll service, but have the option to use the financing vendor.

### Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

### Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

### Revenue To Us and Our Affiliates

We currently do derive revenue from the required purchases and leases by franchisees. This is primarily derived through relationships with funding sources who provide financing to franchised businesses. We will be paid a commission based on a percentage of the total amount funded or loaned to Franchisees. In the year ending December 31, 2023, we derived \$5,593 (or 3%) of our total gross revenue of \$218,265 from required franchisee purchases. Our affiliate did not receive any revenue from rebates or referral fees from franchisee purchases or leases.

### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 80% of your total purchases and leases of goods and services to operate your business.

### Payments by Designated Suppliers to Us

We do currently receive payments from designated suppliers based on purchases by you or other franchisees.

### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

#### Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

#### Benefits Provided To You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

### **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	Franchise Agreement: § 6.1 Multi-Unit Development Agreement: Not Applicable	Item 11
b. Pre-opening purchases/leases	Franchise Agreement: §§ 6.2, 6.3 Multi-Unit Development Agreement: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement: Article 6 Multi-Unit Development Agreement: Article 3	Items 5, 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement: §§ 5.4, 6.4, 7.6 Multi-Unit Development Agreement: Not Applicable	Items 5, 6, 8 and 11
e. Opening	Franchise Agreement: §§ 6.5, 6.6 Multi-Unit Development Agreement: Not Applicable	Items 7, 8 and 11
f. Fees	Franchise Agreement: Article 4 §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6 Multi-Unit Development Agreement: Article 1	Items 5,6, and 7
g. Compliance with standards and	Franchise Agreement: §§6.3,	Items 8, 11 and 14

policies/operating manual	7.1, 7.3, 7.5, 7.9- 7.13, 7.15, 10.1, 10.4, 11.1  Multi-Unit Development Agreement: § 6(ii)	
h. Trademarks and proprietary information	Franchise Agreement: Article 12, § 13.1  Multi-Unit Development Agreement: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	Franchise Agreement: § 7.3  Multi-Unit Development Agreement: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	Franchise Agreement: §§ 7.7, 7.8, 7.9  Multi-Unit Development Agreement: Not Applicable	Item 8
k. Territorial development and sales quotas	Franchise Agreement: Not Applicable  Multi-Unit Development Agreement: Not Applicable	Item 12
l. Ongoing product/service purchases	Franchise Agreement: Article 8  Multi-Unit Development Agreement: Article 3	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	Franchise Agreement: §§ 7.12, 7.13  Multi-Unit Development Agreement: Not Applicable	Items 6, 7 and 8
n. Insurance	Franchise Agreement: § 7.15  Multi-Unit Development Agreement: Not Applicable	Items 6, 7 and 8
o. Advertising	Franchise Agreement: Article 9  Multi-Unit Development Agreement: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	Franchise Agreement: Article 16  Multi-Unit Development Agreement: Article 5	Items 6 and 8
q. Owner's participation/management/staffing	Franchise Agreement: § 2.4	Items 15

	Multi-Unit Development Agreement: Not Applicable	
r. Records and reports	Franchise Agreement: Article 10  Multi-Unit Development Agreement: Not Applicable	Item 11
s. Inspections and audits	Franchise Agreement: §§ 10.5, 11.2  Multi-Unit Development Agreement: Not Applicable	Items 6 and 11
t. Transfer	Franchise Agreement: Article 15  Multi-Unit Development Agreement: Article 7	Items 6 and 17
u. Renewal	Franchise Agreement: Not Applicable  Multi-Unit Development Agreement: Not Applicable	Item 17
v. Post-termination obligations	Franchise Agreement: Article 13, §§ 14.3, 14.4  Multi-Unit Development Agreement: Article 5	Item 17
w. Non-competition covenants	Franchise Agreement: § 13.2  Multi-Unit Development Agreement: Not Applicable	Item 17
x. Dispute resolution	Franchise Agreement: Article 17  Multi-Unit Development Agreement: Article 7	Items 6 and 17

## **ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

## **ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

### Our Pre-Opening Obligations

Before you open your business:

*Your Site.* We do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises. We will approve your site under the Franchise Agreement. If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You will send the address of proposed sites to us and we will review and send approval in writing. We generally will look at the following factors in approving a site for the franchised business, accessibility to the marketplace, demographics of the area and the functionality of the workspace. Franchisor will have 7 days to respond to site approval requests, if no response is given from Franchisor, site is considered approved. If we cannot agree on a site, the Franchise Agreement will be terminated and the Franchisee's Franchise Fee will be forfeited. Franchisor generally does not own the premises.

*Hiring and training employees.* We will provide you with our suggested staffing levels, suggested guidelines for hiring employees (Franchise Agreement, Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Franchise Agreement, Section 5.3), and our initial training program described below. Our on-site opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

*Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Franchise Agreement, Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

*Operating Manual.* We will give you access to our Operating Manual (Franchise Agreement, Section 5.1).

*Initial Training Program.* We will conduct our initial training program. (Franchise Agreement, Section 5.4). You will pay the Initial Training Fee (Franchise Agreement, Section 4.8) The current initial training program is described below.

*Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Franchise Agreement, Section 5.4).

*On-site opening support.* We will have a representative provide on-site support for at least 2 days in connection with your business opening. (Franchise Agreement, Section 5.4).

#### Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 2-3 months. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses, schedule initial training, and hire employees.

#### Our Post-Opening Obligations

After you open your business:

*Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

*Hiring and training employees.* We will provide you with our suggested staffing levels, suggested guidelines for hiring employees (Franchise Agreement, Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Franchise Agreement, Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

*Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$650 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Franchise Agreement, Section 5.5).

*Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Franchise Agreement, Section 5.5).

*Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administrative, bookkeeping, accounting, and inventory control. (Franchise Agreement, Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

*Marketing Fund.* We will administer the Marketing Fund. (Franchise Agreement, Section 5.5).

*Website.* We will maintain a website for the SI Staffing brand, which will include your business information and telephone number. (Franchise Agreement, Section 5.5)

### Advertising

*Our obligation.* We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We may use the Marketing Fund to pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining the brand website or related websites; developing and maintaining application software designed to run on computers and similar devices; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing activities; and/or related strategies. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising. (Franchise Agreement, Section 9.3)

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. (Franchise Agreement, Section 9.1) To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, you agree to assign all right and ownership of the marketing materials to us, without any payment to you.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the fund on the same basis as franchisees. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged. (Franchise Agreement, Section 9.4)

*Advertising Fund.* You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of gross sales per month. All franchisees contribute the same percentage. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon written request. (Franchise Agreement, Section 4.3)

In the fiscal year ended December 31, 2022, we collected \$17,431 from Marketing Fund contributions of which \$0.00 or 0% were spent on production, media placement, and administrative expenses.

If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. (Franchise Agreement, Section 9.6)

*Required spending.* After you open, you must spend at least 4% of gross sales each month on marketing your business. (Franchise Agreement, Section 9.5)

### Computer Systems



We require you to purchase computer software licenses as follows: ATS

The system provides management, operations, marketing and operational systems to manage and operate the franchised business. These systems will generate or store data such as customer contact data, staffing data, financial data along with other data relevant to the operation of the franchised business.

We estimate that these systems will cost between \$3,500 and \$7,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates.

We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,200 to \$2,400 per year.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information. (Franchise Agreement, Section 10.6)

#### Operating Manual

Manual Section	Number of Pages
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	21
Selling & Marketing	22
<b>Total Number of Pages</b>	<b>188</b>

#### Training Program

Our training program consists of the following:

#### **TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Operations	2	4	Baltimore, MD/ Franchisee location
Management	2	4	Baltimore, MD/ Franchisee location
Software	4	8	Baltimore, MD/ Franchisee location

Recruiting/Sales	4	44	Baltimore, MD/ Franchisee location/On-line
Finance/Risk Management/HR	4	2	Baltimore, MD/ Franchisee location
<b>TOTALS:</b>	16	62	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. Training will be held at our offices and business location in Baltimore, Maryland.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led by Darren Plubmer. Darren has worked for our affiliate-owned location since 2016 as a recruiter, manager and director of training.

Other than the Initial Training Fee, there is no fee for up to 3 persons to attend training. You must pay the travel and living expenses of persons attending training.

You must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business. If you do not complete training to our satisfaction, we may terminate your franchise agreement and refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

We do require refresher training programs or refresher courses one time a year. This training will be electronic and will be required one time per year for all operations managers and owners.

## **ITEM 12. TERRITORY**

We anticipate that you will manage from a small office setting that must be located in your territory.

If you sign a Multi-Unit Development Agreement (“MUDA”), we anticipate that you will manage each location from your home or from a small office setting. We will approve sites future/additional locations based on our then-current criteria.

### Grant of Territory

Your franchise agreement will specify a territory, which will have approximately a 250,000 to 499,999 population. Other factors in determining a territory will include population, number of local businesses (preferably 20,000), potential clients, average household income, existence of competition, etc.

### Relocation; Establishment of Additional Outlets

You may relocate your business headquarters anywhere in your territory.

You do not have the right to establish additional franchised outlets or expand into additional territory. If you desire to do so, you must (1) meet our then-current criteria for new franchisee, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multi-territory franchise successfully, and (4) obtain our agreement.

#### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

#### Exclusivity

We grant you an exclusive territory. In your territory, we will not establish an SI Staffing outlet, nor license or franchise another party to establish an SI Staffing outlet.

#### Minimum Performance Requirement

The continuation of your Franchise Agreement is contingent on you achieving and maintaining the minimum annual gross revenue levels beginning in your 2<sup>nd</sup> year of operation. To maintain your rights, your annual gross sales in your second year and each year thereafter must equal or exceed \$150,000.

If you fail to achieve the minimum performance standard in any calendar year, you will be in default under the Franchise Agreement and we will have the right to terminate your Franchise Agreement, in our discretion. Other than stated above, there are no minimum market penetration or other contingency that you must meet to retain the rights to your franchise, but you must comply with your Franchise Agreement, the System and all of our requirements.

#### Restrictions on us from soliciting or accepting orders in your territory

Except as described in this paragraph, we will not serve customers in your territory, nor authorize another party to serve customers in your territory, under our SI Staffing brand.

However, we may serve (or authorize other franchisees to serve) customers in your territory if you are in default, or if you are incapable of meeting customer demand in your territory. We may also serve (or authorize another franchisee to serve) a particular customer in your territory if you fail to properly serve such customer, or if we reasonably believe that you will not properly serve such customer. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your territory, we do not pay any compensation to you.

#### Soliciting By You Outside Your Territory

You cannot solicit or market to potential customers outside of your territory, except for solicitations or marketing which are primarily targeted inside the territory and which incidentally reach potential customers outside of the territory. You cannot use other channels of distribution such as internet, catalog sales, or telemarketing outside your territory. You cannot serve customers outside of your territory without our prior written permission. We may withdraw permission at any time.


#### Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

### **ITEM 13. TRADEMARKS**

#### Principal Trademark

The following are the principal trademarks that we license to you. This trademark is owned by our owners, Yuri Kovalenko and Andrey Gustov. They are registered on the Principal Register of the United States Patent & Trademark Office.

<b>Trademark</b>	<b>Registration Date</b>	<b>Registration Number</b>
SI STAFFING	March 12, 2019	5696339
	March 12, 2019	5696362

Because the federal trademark registration is less than six years old, no affidavits are required at this time. The registrations have not yet been renewed.

#### Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

#### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

#### Agreements

Yuri Kovalenko and Andrey Gustov, our owners, own the trademarks described in this Item. Under an Intercompany License Agreement between us and Yuri Kovalenko and Andrey Gustov, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

#### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

#### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

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

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your

franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

#### Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

#### Your Participation

You are required to participate personally in the direct operation of your business.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to

attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

#### “On-Premises” Supervision

When your business performs services for a customer, you are not required to personally conduct “on-premises” supervision of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

#### Restrictions On Your Manager

If we request, you must have your general manager sign a confidentiality and non- compete agreement. We do not require you place any other restrictions on your manager.

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

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made to customers in your territory.

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

#### **THE FRANCHISE RELATIONSHIP**

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

#### **FRANCHISE AGREEMENT**

Provision	Section	Summary
a. Length of the franchise term	§ 3.1	10 years from date of franchise agreement.
b. Renewal or extension of the term	Not Applicable	Not Applicable

c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§ 14.1	
g. "Cause" defined--curable defaults	§§14.1(a), 14.1(b)	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. "Cause" defined--non- curable defaults	§ 14.1I	Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee's obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification;



		purchase option by us.
j. Assignment of agreement by us	§ 15.1	Unlimited
k. “Transfer” by franchisee – defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	Franchise Agreement: No transfers without our approval.
m. Conditions for franchisor’s approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you’ve made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor’s right of first refusal to acquire franchisee’s business	§ 15.5	If you want to transfer your business, we have a right of first refusal.
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	
p. Death or disability of franchisee	§§ 15.4, 11.9	If you die or become incapacitated, your executor must transfer the business to a third party within nine months. We have the right to temporarily operate the

		business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, no ownership or employment by a competitor operating in your former territory or the territory of any other SI Staffing business operating on the date of termination.
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, this does not disclaim the representations made by us in this disclosure document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Maryland) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in

		the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	Maryland (subject to applicable state law)

### MULTI-UNIT DEVELOPMENT AGREEMENT

Provision	Section	Summary
a. Length of the franchise term	Not Applicable	Not Applicable
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Article 4	Not Applicable
g. "Cause" defined--curable defaults	Not Applicable	Not Applicable
h. "Cause" defined--non- curable defaults	Article 4	Failure to satisfy the development schedule; we have the right to terminate any franchise agreement between us and you.
i. Franchisee's obligations on termination/non-renewal	Article 5	If we terminate the multi-unit development agreement for your default, you shall not be liable to us for lost future revenues or profits from the unopened SI Staffing business.
j. Assignment of agreement by us	Not Applicable	Not Applicable
k. "Transfer" by franchisee – defined	Not Applicable	Not Applicable
l. Franchisor's approval of transfer by franchisee	Article 7	No transfers without our approval.

m. Conditions for franchisor's approval of transfer	Article 7	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Not Applicable	Not Applicable
t. Integration/merger clause	Not Applicable	Not Applicable
u. Dispute resolution by arbitration or mediation	Article 7	All disputes are resolved by arbitration (except for injunctive relief).
v. Choice of forum	Article 7	Arbitration will take place where our headquarters is located (currently, Maryland) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	Article 7	Maryland (subject to applicable state law)

For additional disclosures required by certain states, refer to Exhibit G - State Addenda to Disclosure Document.

## **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.

### **1/01/2023 – 12/31/2023 Financial Results**

The following chart contains the January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023 financial performance information for the two SI Staffing franchise businesses that was open for this entire time period.

#### **Rockville, Maryland**

Gross Sales: \$46,977

#### **Salisbury, Maryland**

Gross Sales: \$158,779

#### **Notes:**

1. The foregoing data are historic financial performance representations. They are not projections of future performance.
2. "Gross Sales" means the total revenue derived from the sale of goods or services less sales tax, discounts, and returns.
3. **Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**
4. Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Except for what is included in this Item 19, 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 Yuri Kovalenko, 2760 Lighthouse Point W, Suite 201, Baltimore, MD 21224, and 410-547-2424, 443-825-0646, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2021 to 2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	3	4	+1
	2022	4	2	-2
	2023	2	0	-2
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	2	+1
Total Outlets	2021	4	5	+1
	2022	5	3	-2
	2023	3	2	-1

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
<b>MD</b>	2021	0
	2022	0
	2023	0
<b>Total</b>	2021	0
	2022	0
	2023	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2021 to 2023**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminat ions</b>	<b>Non- Renewal s</b>	<b>Reacquir ed by Franchis</b>	<b>Ceased Operatio ns- Other</b>	<b>Outlets at End of Year</b>
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						or	Reasons	
Maryland	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	1	1	0
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Pennsylvania	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	3	2	1	0	0	0	4
	2022	4	0	0	0	0	2	2
	2023	2	0	0	0	2	0	0

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Outlets Reacquired From Franchisee</b>	<b>Column 6 Outlets Closed</b>	<b>Column 7 Outlets Sold to Franchisee</b>	<b>Column 8 Outlets at End of the Year</b>
Maryland	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	1	0	0	2
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	1	0	0	2

**Table No. 5**  
**Projected Openings As of December 31, 2023**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3 New Franchised Outlets In the Next Fiscal Year</b>	<b>Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year</b>
Delaware	0	0	0
Florida	0	1	0
Illinois	0	1	0
New Jersey	0	0	0
Texas	0	1	0

Virginia	0	1	0
Totals	0	4	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our 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.

#### List of Current Franchisees

The following is a list of the current franchisees operating in our system:

None.

None of the above franchisees are area developers.

#### List of Terminated Franchisees

The following is a list of the franchisees who have had an unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

None

Name	Address	Telephone
Maryland Eastern Shore Investment Corp (Tim Sydnor)	123c Camden St. Salisbury, MD 21801	(410) 561-4999
Iona Staffing	12345 Parklawn Dr., Suite 200 R 60 Rockville, MD 20852	(240) 261-2442

#### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

#### List of Units for Sale

The following is a list of the franchised units now under Franchisor control that Franchisor is selling:

None.

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



The following are our audited financial statements for the fiscal years ending December 31, 2023, December 31, 2022, December 31, 2021. Our fiscal year end is December 31.

SWIFT INTERNATIONAL STAFFING, LLC

Financial Statements For The Year Ended December 31, 2023

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

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## INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of SWIFT INTERNATIONAL STAFFING, LLC

### **Opinion**

We have audited the financial statements of SWIFT INTERNATIONAL STAFFING, LLC (the “Company”), which comprise the Balance Sheet as of December 31, 2023, the related Profit & Loss Statement, the related Statement of Cashflows, the related Statement of Shareholders’ Equity, and the related notes for the twelve-month period then ended. (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for the twelve-month period ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

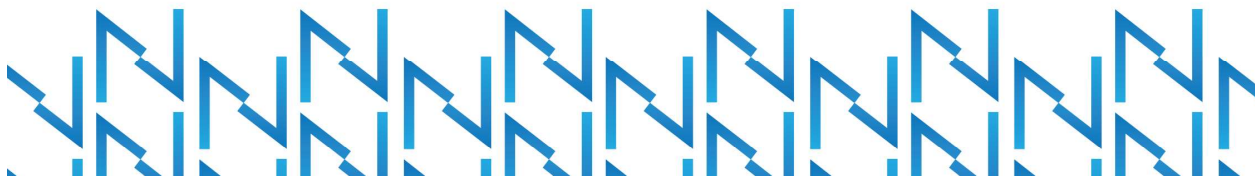
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.



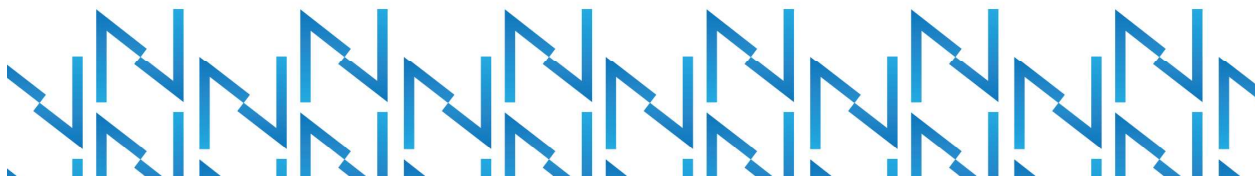
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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.



Omar Alnuaimi, CPA

Naperville, IL  
February 27, 2024



**SWIFT INTERNATIONAL STAFFING, LLC**  
**PROFIT & LOSS STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Revenue</b>	
Royalty Income	\$ 25,280
Administrative fee	18,752
Other Income	10,253
Rebate, Funding and Technology fee	5,593
Franchise Fees	158,388
<b>Cost of Sales</b>	-
<b>Gross Profit</b>	<u>218,265</u>
<b>Operating Expense</b>	
Salaries & Shared Expenses	13,227
General Administrative Expenses	16,781
Legal & Professional Fees	15,523
Advertising Expense	10,777
Rent Expense	7,013
Supplies Expense	2,042
Travel Expense	1,253
Total Operating Expense	<u>66,615</u>
<b>Net Income From Operations</b>	151,650
<b>Other Income (Expense)</b>	
Total Other Income (Expense)	<u>-</u>
<b>Net Income Before Provision for Income Tax</b>	151,650
<b>Provision for Income Taxes</b>	-
<b>Net Income (Loss)</b>	<u><u>\$ 151,650</u></u>

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**SWIFT INTERNATIONAL STAFFING, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2023**

<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 11,817
Due From Related Party	58,888
Accounts Receivable	2,861
TOTAL CURRENT ASSETS	73,567
<b>NON-CURRENT ASSETS</b>	
TOTAL NON-CURRENT ASSETS	-
TOTAL ASSETS	73,567
<b><u>LIABILITIES AND OWNER'S EQUITY</u></b>	
<b>CURRENT LIABILITIES</b>	
Company Credit Card	7,500
Marketing Fund Liability	5,291
TOTAL CURRENT LIABILITIES	12,791
<b>NON-CURRENT LIABILITIES</b>	
Due to Related Party	22,923
TOTAL NON-CURRENT LIABILITIES	22,923
TOTAL LIABILITIES	35,714
<b>OWNER'S EQUITY</b>	
Retained Earnings	(113,797)
Net Income (Loss)	151,650
TOTAL SHAREHOLDERS' EQUITY	37,853
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 73,567

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**SWIFT INTERNATIONAL STAFFING, LLC**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>OPERATING ACTIVITIES</b>	
Net Income	\$ 151,650
Non-Cash Adjustments	
Changes in Current Assets	125,369
Changes in Current Liabilities	19,363
Changes in Deferred Revenue	(158,388)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	137,994
<b>INVESTING ACTIVITIES</b>	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-
<b>FINANCING ACTIVITIES</b>	
Owner's Contribution	(182,875)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(182,875)
NET INCREASE (DECREASE) IN CASH	(44,882)
CASH AT BEGINNING OF PERIOD	56,698
CASH AT END OF PERIOD	\$ 11,817

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

**SWIFT INTERNATIONAL STAFFING, LLC**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**DECEMBER 31, 2023**

	Opening Equity Balance	Yearly Changes	Total
<b>Balance, December 31, 2022</b>	\$ 69,078	\$ -	\$ 69,078
Net Income For The Period Ended December 31, 2023	-	151,650	151,650
Equity Contributions (Distributions)	-	(182,875)	(182,875)
<b>Balance, December 31, 2023</b>	<b>\$ 69,078</b>	<b>\$ (31,225)</b>	<b>\$ 37,853</b>

*See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.*

SWIFT INTERNATIONAL STAFFING, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2023

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**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

SWIFT INTERNATIONAL STAFFING, LLC (the “Company”) was formed on April 16, 2018 as a Delaware limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchisee location of SI Staffing, a business that provides placement of professional and temporary staffing.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Franchisee Receivables

The Company’s franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 was necessary as of December 31, 2023. Franchisee bad debt expense was \$0 for the year ended December 31, 2023. Franchisee amounts written off were \$0 for the year ended December 31, 2023.



SWIFT INTERNATIONAL STAFFING, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2023

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Fixed Assets and Depreciation

Property and Equipment is stated at cost. Accounting principles generally accepted in the United States of America require that property and equipment be depreciated using the straight-line method. Depreciation in these financial statements reflects accelerated depreciation methods used for the tax return. The effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined. Expenditures for normal repairs and maintenance are charged to operations as incurred.

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. As of December 31, 2023, no impairment loss has been recognized for long-lived assets.

Fair Value of Financial Instruments

Financial Accounting Standards Board (“FASB”) guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
- Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

As of December 31, 2023, the carrying amounts of the Company’s financial assets and liabilities reported in the balance sheets approximate their fair value.

SWIFT INTERNATIONAL STAFFING, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2023

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees and fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2021 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

Unearned Revenue

The Company's primarily performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the standalone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

SWIFT INTERNATIONAL STAFFING, LLC  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended December 31, 2023

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

Income Taxes

The Company, with the consent of its shareholders, intends to elect to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of December 31, 2023, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

**NOTE C – RELATED PARTY TRANSACTIONS**

The Company is part of a group of companies related through common ownership and management. In the ordinary course of its business, the Company obtains services and carries out business transactions with its related parties. Because of these relationships, it is possible that the term of those transactions is not the same as those that would result from transactions with unrelated parties. Transactions with related parties of due to and due from represent advances made with various companies of the group through the ordinary course of the business as such these advances are noninterest bearing, not backed by a pledge of assets and have no stated maturity date.

**NOTE D – CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

**NOTE E – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 27, 2024, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

## JPizars CPA & Business Consultants, LLC

1722 Sheridan Street # 365, Hollywood, FL 33020



### Independent Auditor's Report

To the Members of  
Swift International Staffing LLC:

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Swift International Staffing LLC ("the Company"), which comprise the balance sheet as of December 31, 2022 and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

##### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Responsibilities of Management for the Financial Statements

The Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made based on these 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 risk 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.

The image shows a stylized logo for 'JPizars' in a large, bold, cursive font. To the right of the logo is a handwritten signature in black ink that reads 'Juan A. Pizarro Llanos'.

April 28, 2023  
JPizars – CPA & Business Consultants LLC  
Hollywood, Florida

Juan A. Pizarro Llanos, MAcc, CPA, CFE, CRMA | CEO T: 954-997-2545 | O: 1722 Sheridan St. #365 Hollywood, FL 33020 | E: [jpizars@cpa.com](mailto:jpizars@cpa.com)

**Swift International Staffing, LLC**  
**Balance Sheet**  
**December 31, 2022**

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<b>ASSETS</b>	<b>12/31/2022</b>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 56,698
Due from related parties	111,965
Prepaid expenses and other assets	<u>75,154</u>
Total current assets	243,817
<b>TOTAL ASSETS</b>	<b><u>\$ 243,817</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 16,351
Deferred revenue, current portion	<u>22,075</u>
Total current liabilities	38,426
LONG TERM LIABILITIES	
Deferred revenue, long-term portion	<u>136,313</u>
<b>TOTAL LIABILITIES</b>	<b>174,739</b>
<b>MEMBERS' EQUITY</b>	<b><u>69,078</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 243,817</u></b>

The accompanying notes are an integral part of these financial statements.

**Swift International Staffing, LLC**  
**Statement of Operations and Changes in Member's equity**  
**Year Ended December 31, 2022**

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	<u>12/31/2022</u>
<b>REVENUE</b>	
Franchise revenue	\$ 22,075
Royalty income	128,119
Rebate, Funding and Technology fee	34,773
Administrative fee	23,201
Other Income	<u>26,216</u>
Total revenue	234,384
 <b>OPERATING EXPENSES</b>	
Salaries and shared service	138,859
Professional service	15,610
Rent expense	7,634
Software expense	9,481
Advertising	18,765
Other expense	<u>7,803</u>
Total operating expenses	198,152
 <b>NET INCOME</b>	 <u>36,232</u>
 <b>MEMBERS' EQUITY, AT BEGINNING OF YEAR</b>	 <u>32,846</u>
<b>MEMBERS' EQUITY, AT END OF YEAR</b>	<u><u>\$ 69,078</u></u>

The accompanying notes are an integral part of these financial statements.

**Swift International Staffing, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

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	<u>12/31/2022</u>
<b>Cash flow from operating activities</b>	
Net Income	\$ 36,232
Adjustments to reconcile net loss to net cash provided (used) by operating activities:	
Amortization of Deferred Revenue	(22,075)
<b>Decrease (increase) in:</b>	
Prepaid expenses	9,393
<b>Increase (decrease) in:</b>	
Accounts payable	7,130
<b>Net cash provided by operating activities</b>	<u>30,680</u>
<b>Cash flow from investing activities</b>	
Decrease in receivable from related-parties	9,599
<b>Net cash provided by investing activities</b>	<u>9,599</u>
Net decrease in cash	40,279
Cash at beginning of year	16,419
<b>Cash at end of year</b>	<u><u>\$ 56,698</u></u>

The accompanying notes are an integral part of these financial statements.



**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Swift International Staffing LLC (the “Company”) was formed on April 16, 2018 as a Delaware limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchisee location of SI Staffing, a business that provides placement of professional and temporary staffing.

Following is a description of the most significant accounting policies:

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of the financial statements in conformity with US GAAP requires management to make several estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. As additional information becomes available (or actual amounts are determinable), the recorded estimates will be revised and reflected in operating results of the period they are determined. Although some variability is inherent in these estimates, the Company believes the amounts provided are adequate.

**Cash**

Cash and cash equivalents consist of demand deposits. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2022, there were no cash equivalents.

**Accounts Receivable**

Accounts receivables are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

**Revenue**

The Financial Accounting Standards Board (“FASB”) issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligation using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee based on the ten-year contract term. The Full Retrospective Approach to ASC 606 was implemented.

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

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**Revenue (Continued)**

The Company's revenues consist of fees from franchises such as initial franchise fees, royalties, and other fees. The initial franchise fee is deferred as liability and recognized each year for ten years beginning in the year after collection of the fee. The royalty revenue, and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchisee contract.

The company is obligated to provide the franchisee with specific performances, including name and trademark use, as outlined in the franchise disclosure document, for a period of ten years. The initial franchise fee is not refundable and is due upon contract signing. When a franchisee terminates the contract prior to the ten-year period, the remainder of the initial franchise fee that has been collected is recognized in the year of termination.

**Operating Expenses**

Operating expenses consist of general and administrative, payroll and related costs. These costs are recognized as expenses in the period in which they are incurred.

**Income Taxes**

The entity is structured as a limited liability company under the laws of the State of Delaware and is classified as a partnership for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the partner members. Therefore, there is no provision for federal and state income taxes.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2019 to 2021 tax years were subject to examination based on the date of formation.

**Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Recoveries of costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related liability.

**Recently Issued Standards**

**FASB ASU 2016-02, Leases (Topic 842) as amended by FASB ASU 2019-10—Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), Leases (Topic 842), FASB ASU 2018-20—Leases (Topic 842): Narrow-Scope Improvements for Lessors and FASB ASU 2019-01—Leases (Topic 842): Codification Improvements FASB ASU 2016-02, Leases (Topic 842), and ASU Update 2020-05—Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities**

**Lease** - On February 25, 2016, the FASB issued guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. This guidance sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessors and lessees. It requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

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principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The guidance requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. Companies are required to adopt the new guidance using a modified retrospective approach for annual and interim periods beginning after December 15, 2022. The Company is currently evaluating the impact, if any, the adoption of this guidance may have on the Company's financial statements.

**Revenue** - FASB Accounting Standards Updates ("ASUs"), Revenue from Contracts with Customers (Topic 606). The FASB has issued a series of ASUs which, among other things, clarify the principles for recognizing revenue and develop a common revenue standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services, that is, the satisfaction of performance obligations, to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A five-step process is defined to achieve this core principle. The new guidance also requires disclosures to enable users of financial statements to understand the nature, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new guidance will be required for annual reporting periods beginning after December 15, 2020, and interim and annual reporting periods after those reporting periods. The Company is currently evaluating the impact, if any, the adoption of this guidance may have on the Company's financial statements.

Other than the accounting pronouncements disclosed above, there were no other new accounting pronouncements issued that could have a material impact in the Company's financial position, operating results, or financials statement disclosures.

**NOTE 2 – TRANSACTIONS WITH RELATED COMPANIES**

The Company is part of a group of companies related through common ownership and management. In the ordinary course of its business, the Company obtains services and carries out business transactions with its related parties. Because of these relationships, it is possible that the term of those transactions is not the same as those that would result from transactions with unrelated parties.

Transactions with related parties of due to and due from represent advances made with various companies of the group through the ordinary course of the business as such these advances are non-interest bearing, not backed by a pledge of assets and have no stated maturity date.

**NOTE 3 – FRANCHISE AGREEMENT**

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark, and system in the franchisees franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. Other requirements as outlined in the Franchise Disclosure Document.

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 4 – DEFERRED REVENUE**

As stated in Note 1, under ASC 606, franchisor may recognize franchise fee revenue when the franchisor has substantially performed all services required to earn the initial franchise fee, or if pre-opening activities contain any distinct good or services that can be allocated from the initial franchise fee. Management has determined that revenue from the initial franchise fees should be recognized equally over a ten-year period beginning in the year after the year the fee is collected. The amount in deferred revenue on the balance sheet consist of the current portion of \$22,075 what will be recognized in the subsequent year, and the long-term portion of \$136,313, that will be recognized over the remaining contract period of each franchisee.

**NOTE 5 – CONCENTRATION OF CREDIT RISK**

The Company maintains cash balance in a bank whose account interest and noninterest bearing are insured by the Federal Deposit Insurance Company up to \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk in cash. As of December 31, 2022, the entire cash balance was covered by the FDIC.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible”, disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted nor disclosed. There are no loss contingencies that require disclosure at December 31, 2022.

**NOTE 7 – SUBSEQUENT EVENTS**

The Company evaluated subsequent events through April 28, 2023, the date the financial statements were available to be issued. There were no additional subsequent events considered material that would require any further disclosure to the Company financial statements.

## JPizars CPA & Business Consultants, LLC

1722 Sheridan Street # 365, Hollywood, FL 33020



### Independent Auditor's Report

To the Members of  
Swift International Staffing LLC:

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Swift International Staffing LLC ("the Company"), which comprise the balance sheet as of December 31, 2021 and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

##### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Responsibilities of Management for the Financial Statements

The Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made based on these 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 risk 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.



April 15, 2022  
JPizarro – CPA & Business Consultants LLC  
Hollywood, Florida

Juan A. Pizarro Llanos, MAcc, CPA, CFE, CRMA | CEO T: 954-997-2545 | O: 1722 Sheridan St. #365 Hollywood, FL 33020 | E: [jpizarro@cpa.com](mailto:jpizarro@cpa.com)

**Swift International Staffing, LLC**  
**Balance Sheet**  
**December 31, 2021**

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**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$	16,419
Due from related parties		121,564
Prepaid expenses and other assets		84,548
Total current assets		222,531

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>222,531</b>
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**LIABILITIES AND MEMBERS' EQUITY**

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$	9,222
Deferred revenue, current portion		22,075
Total current liabilities		31,297

LONG TERM LIABILITIES

Deferred revenue, long-term portion		158,388
<b>TOTAL LIABILITIES</b>		<b>189,685</b>

**MEMBERS' EQUITY**

		32,846
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$</b>	<b>222,531</b>

The accompanying notes are an integral part of these financial statements.

**Swift International Staffing, LLC**  
**Statement of Operations and Changes in Member's equity**  
**Year Ended December 31, 2021**

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**REVENUE**

Franchise revenue	\$ 22,075
Royalty income	105,873
Rebate, Funding and Technology fee	64,121
Total revenue	<u>192,069</u>

**OPERATING EXPENSES**

Salaries and shared service	264,861
Professional service	20,671
Rent expense	4,683
Software expense	6,719
Advertising	11,889
Sales lead commission	5,392
Bank Charges	6,243
Other expense	2,393
Total operating expenses	<u>322,851</u>

**NET LOSS**

(130,782)

**MEMBERS' DEFICIT, AT BEGINNING OF YEAR**

(158,150)

**MEMBERS' CONTRIBUTION**

321,778

**MEMBERS' EQUITY, AT END OF YEAR**

\$ 32,846

The accompanying notes are an integral part of these financial statements.



**Swift International Staffing, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

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	<u>12/31/2021</u>
<b>Cash flow from operating activities</b>	
Net Loss	\$ (130,782)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:	
Amortization of Deferred Revenue	(22,075)
Changes in operating assets and liabilities:	
<b>Decrease (increase) in:</b>	
Accounts receivable	7,537
Prepaid expenses	(84,548)
<b>Net cash used in operating activities</b>	<u>(229,868)</u>
<b>Cash flow from investing activities</b>	
Increase in receivable from related-parties	(81,484)
Increase in payable to related-parties	(23,375)
Capital Contribution	321,778
<b>Net cash provided by investing activities</b>	<u>216,919</u>
Net decrease in cash	(12,949)
Cash at beginning of year	29,368
<b>Cash at end of year</b>	<u>\$ 16,419</u>
<b>Supplemental disclosures of cash flow information</b>	
Write off - Franchise Fee Receivable	<u>\$ 66,462</u>

The accompanying notes are an integral part of these financial statements.

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2021**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Swift International Staffing LLC (the "Company") was formed on April 16, 2018 as a Delaware limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchisee location of SI Staffing, a business that provides placement of professional and temporary staffing.

Following is a description of the most significant accounting policies:

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of the financial statements in conformity with US GAAP requires management to make several estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. As additional information becomes available (or actual amounts are determinable), the recorded estimates will be revised and reflected in operating results of the period they are determined. Although some variability is inherent in these estimates, the Company believes the amounts provided are adequate.

**Cash**

Cash and cash equivalents consist of demand deposits. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2021, there were no cash equivalents.

**Accounts Receivable**

Accounts receivables are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

**Revenue**

The Financial Accounting Standards Board ("FASB") issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligation using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee based on the ten-year contract term. The Full Retrospective Approach to ASC 606 was implemented.

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2021**

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**Revenue (Continued)**

The Company's revenues consist of fees from franchises such as initial franchise fees, royalties, and other fees. The initial franchise fee is deferred as liability and recognized each year for ten years beginning in the year after collection of the fee. The royalty revenue, and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchisee contract.

The company is obligated to provide the franchisee with specific performances, including name and trademark use, as outlined in the franchise disclosure document, for a period of ten years. The initial franchise fee is not refundable and is due upon contract signing. When a franchisee terminates the contract prior to the ten-year period, the remainder of the initial franchise fee that has been collected is recognized in the year of termination.

**Operating Expenses**

Operating expenses consists of general and administrative, payroll and related costs and depreciation expense. These costs are recognized as expenses in the period in which they are incurred.

**Income Taxes**

The entity is structured as a limited liability company under the laws of the State of Delaware and is classified as a partnership for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the partner members. Therefore, there is no provision for federal and state income taxes.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2021, the 2020 and 2019 tax years were subject to examination based on the date of formation.

**Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Recoveries of costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related liability.

**Recently Issued Standards**

**FASB ASU 2016-02, Leases (Topic 842) as amended by FASB ASU 2019-10—Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), Leases (Topic 842), FASB ASU 2018-20—Leases (Topic 842): Narrow-Scope Improvements for Lessors and FASB ASU 2019-01—Leases (Topic 842): Codification Improvements FASB ASU 2016-02, Leases (Topic 842), and ASU Update 2020-05—Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities**

**Lease** - On February 25, 2016, the FASB issued guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. This guidance sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessors and lessees. It requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2021**

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principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The guidance requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. Companies are required to adopt the new guidance using a modified retrospective approach for annual and interim periods beginning after December 15, 2022. The Company is currently evaluating the impact, if any, the adoption of this guidance may have on the Company's financial statements.

**Revenue** - FASB Accounting Standards Updates ("ASUs"), Revenue from Contracts with Customers (Topic 606). The FASB has issued a series of ASUs which, among other things, clarify the principles for recognizing revenue and develop a common revenue standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services, that is, the satisfaction of performance obligations, to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A five-step process is defined to achieve this core principle. The new guidance also requires disclosures to enable users of financial statements to understand the nature, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new guidance will be required for annual reporting periods beginning after December 15, 2020, and interim and annual reporting periods after those reporting periods. The Company is currently evaluating the impact, if any, the adoption of this guidance may have on the Company's financial statements.

Other than the accounting pronouncements disclosed above, there were no other new accounting pronouncements issued that could have a material impact in the Company's financial position, operating results, or financials statement disclosures.

**NOTE 2 – TRANSACTIONS WITH RELATED COMPANIES**

The Company is part of a group of companies related through common ownership and management. In the ordinary course of its business, the Company obtains services and carries out business transactions with its related parties. Because of these relationships, it is possible that the term of those transactions is not the same as those that would result from transactions with unrelated parties.

Transactions with related parties of due to and due from represent advances made with various companies of the group through the ordinary course of the business as such these advances are non-interest bearing, not backed by a pledge of assets and have no stated maturity date.

**NOTE 3 – FRANCHISE AGREEMENT**

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark, and system in the franchisees franchise development business
- B. The franchisee is obligated to pay a non-refundable initial franchise fee
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. Other requirements as outlined in the Franchise Disclosure Document.

**Swift International Staffing, LLC**  
**Notes to Financial Statements**  
**December 31, 2021**

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**NOTE 4 – DEFERRED REVENUE**

As stated in Note 1, under ASC 606, franchisor may recognize franchise fee revenue when the franchisor has substantially performed all services required to earn the initial franchise fee, or if pre-opening activities contain any distinct good or services that can be allocated from the initial franchise fee. Management has determined that revenue from the initial franchise fees should be recognized equally over a ten-year period beginning in the year after the year the fee is collected. The amount in deferred revenue on the balance sheet consist of the current portion of \$22,075 what will be recognized in the subsequent year, and the long-term portion of \$158,388, that will be recognized over the remaining contract period of each franchisee.

**NOTE 5 – CONCENTRATION OF CREDIT RISK**

The Company maintains cash balance in a bank whose account interest and noninterest bearing are insured by the Federal Deposit Insurance Company up to \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash. As of December 31, 2021, the entire cash balance was covered by the FDIC.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible”, disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted nor disclosed. There are no loss contingencies that require disclosure at December 31, 2021.

**NOTE 7 – SUBSEQUENT EVENTS**

The Company evaluated subsequent events through April 15, 2022, the date the financial statements were available to be issued. There were no additional subsequent events considered material that would require any further disclosure to the Company financial statements.

**ITEM 22.     CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with State Addenda to Franchise Agreement Guaranty and Non-Compete Agreement and Form of General Release)

C. Multi-Unit Development Agreement (with State Addenda to Multi-Unit Development Agreement)

## **ITEM 23. RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

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## **EXHIBIT A**

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### **State Addenda to Disclosure Document**

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#### **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

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California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

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

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Fort Pierce, Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil 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 Florida. This provision may not be enforceable under California law.

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

**The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Fix My Boat business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.**

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#### HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

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In the State of Hawaii only, this Disclosure Document is amended as follows:



**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states:  
\_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

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**ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

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Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

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### **Maryland ADDENDUM TO DISCLOSURE DOCUMENT**

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In the State of Maryland only, this Disclosure Document is amended as follows:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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 or any document executed in connection with the franchise.

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

The following is added to Item 5

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 protection 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 sub-franchisor.
- (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 franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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 ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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### **MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT**

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In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE**

**ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

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### **NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT**

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In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business,

which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

#### **REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

FIX MY BOAT, INC. DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND FIX MY BOAT, INC. CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

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#### **NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT**

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In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.



7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

#### **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

#### **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

#### **WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit B for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

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**EXHIBIT B**

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**FRANCHISE AGREEMENT****SUMMARY PAGE**

- |                                |          |
|--------------------------------|----------|
| <b>1. Franchisee</b>           | _____    |
| <b>2. Effective Date</b>       | _____    |
| <b>3. Franchise Fee</b>        | \$ _____ |
| <b>4. Training Fee</b>         | \$ _____ |
| <b>5. Staffing Industry</b>    | _____    |
| <b>6. Opening Deadline</b>     | _____    |
| <b>7. Principal Executive</b>  | _____    |
| <b>8. Franchisee's Address</b> | _____    |
| <b>9. Development Area</b>     | _____    |

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## FRANCHISE AGREEMENT

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This Agreement is made between Swift International Staffing, LLC, a Delaware limited liability company ("SIS Franchising"), and Franchisee on the Effective Date.

### **Background Statement:**

A. SIS Franchising has created and owns a system (the "System") for developing and operating a professional and temporary staffing business under the trade name "SI Staffing".

B. The System includes (1) methods, procedures, and standards for developing and operating a SI Staffing business, (2) particular products and services, (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, and (7) other mandatory or optional elements as determined by SIS Franchising from time to time.

C. The parties desire that SIS Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a SI Staffing business on the terms and conditions of this Agreement.

### **ARTICLE 1. DEFINITIONS**

**"Action"** means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

**"Approved Vendor"** means a supplier, vendor, or distributor of Inputs which has been approved by SIS Franchising.

**"Business"** means the SI Staffing business owned by Franchisee and operated under this Agreement.

**"Competitor"** means any business which offers professional staffing services to businesses which derives 5% or more of its annual gross sales from staffing services.

**"Confidential Information"** means all non-public information of or about the System, SIS Franchising, and any SI Staffing business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

**"Gross Sales"** means the total dollar amount of sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

**"Input"** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location stated on the Location Acceptance Letter. The the Location will be determined in accordance with Section 6.1.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of SIS Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means SIS Franchising’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by SIS Franchising into which Marketing Fund Contributions are deposited.

**“Marks”** means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by SIS Franchising from to time for use in a SI Staffing business.

**“National Account Royalty”** means businesses or clients who have locations in more than one market and are managed directly by the Franchisor. The Franchisor will delegate this business to franchisees and the associated Royalty rate on this business will be a higher percentage at 7% of Gross Sales.

**“Owner”** means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

**“Required Vendor”** means a supplier, vendor, or distributor of Inputs which SIS Franchising requires franchisees to use.

**“Staffing Industry”** means, the particular industry, usually medical, industrial or both, for which you will be providing staffing services under this Franchise Agreement.

**“System Standards”** means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by SIS Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design, equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

**“Territory”** means the territory stated on the Location Acceptance Letter. The Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any owner of Franchisee) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

## **ARTICLE 2. GRANT OF LICENSE**

### **2.1 Grant.**

SIS Franchising grants to Franchisee the right to operate a SI Staffing business, limited to the industries listed on the Summary Page, solely in the Territory. Franchisee shall develop, open and operate a SI Staffing business in the Territory for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Business to meet SIS Franchising’s minimum System Standards, but that the means of satisfying the System Standards are left to the control and discretion of Franchisee.

### **2.2 Protected Territory.**

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory.

(b) Service. Franchisee shall not serve customers outside of the Territory without SIS Franchising’s prior written permission. SIS Franchising may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without SIS Franchising’s prior written commission, SIS Franchising may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of SIS Franchising’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of SIS Franchising’s other rights and remedies.

(c) Exclusivity. SIS Franchising shall not establish, nor license the establishment of, another SI Staffing business, for any of the industries listed on the Summary Page, within the Territory or which serves customers located in the Territory. However, SIS Franchising retains the right to:

(i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in SIS Franchising’s reasonable opinion);

(ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if SIS Franchising reasonably believes that Franchisee will not properly serve such customer;

(iii) establish and license others to establish and operate SI Staffing businesses outside the Territory;

(iv) operate and license others to operate businesses anywhere that do not operate under the SI Staffing brand name; and

(v) sell and license others to sell SI Staffing products and services to customers in the Territory through channels of distribution (including the internet)

so long as such products and services are not provided through a SI Staffing outlet in the Territory, and are different from the products and services provided by Franchisee.

(d) Policies. SIS Franchising may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee's territory, and SIS Franchising may waive or modify such policies in any circumstance as SIS Franchising determines. If Franchisee obtains a client in the protected territory of another franchisee, then, in addition to all other rights and remedies SIS Franchising may have, SIS Franchising may in its discretion (i) require Franchisee to transfer the client to such other franchisee, (ii) require Franchisee to pay such other franchisee 75% of the Gross Sales received from such client, or (iii) fashion such other remedy as SIS Franchising deems appropriate.

### **2.3 Franchisee Control.**

Franchisee represents that it will identify each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any of this information changes (which is not a Transfer), Franchisee shall notify SIS Franchising within 10 days.

### **2.4 Principal Executive.**

Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to SIS Franchising's reasonable approval.

### **2.5 Guaranty.**

If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to SIS Franchising, in the form of Attachment 3.

### **2.6 No Conflict.**

Franchisee represents to SIS Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

## **ARTICLE 3. TERM**

### **3.1 Term.**

This Agreement commences on the Effective Date and continues for 10 years.

### **3.2 Successor Agreement.**

When the term of this Agreement expires, Franchisee will sign our then current franchise agreement and pay our then current initial franchise fee.

## **ARTICLE 4. FEES**

### **4.1 Initial Franchise Fee.**

Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4.

### **4.2 Royalty Fees.**

(a) General Royalty Fee. During the first three months in business, Franchisee shall pay to SIS Franchising a monthly royalty fee (the “Royalty Fee”) equal to 5.5% of Gross Sales excluding National Accounts and Direct Hires. After the first three months in business, Franchisee will pay a monthly royalty equal to the greater of \$750 per month or 5.5% of Gross Sales. Franchisee must pay to SIS Franchising a minimum of \$12,000 in royalties annually (the “Minimum Royalty”). If Franchisee has not paid the Minimum Royalty by the anniversary date each year then Franchisee agrees to pay a lump sum amount to satisfy the remaining balance of the Minimum Royalty. Franchisee’s refusal to pay the Minimum Royalty on or before the anniversary date each year may result in a termination of the Franchise Agreement with no right to cure. The Royalty Fee for any given month is due on the 5th day of the following month.

(b) National Accounts Royalty Fee. Franchisee shall pay SIS Franchising a monthly National Royalty Fee (the “National Royalty Fee”) equal to 7% of Gross Sales from national accounts. The National Royalty Fee for any given month is due on the 5th day of the following month. These National Accounts will be designated by the Franchisor as accounts which have locations in more than one market and the relationship is primarily managed by the Franchisor.

(c) Direct Hire Royalty Fee. Franchisee shall pay to SIS Franchising a 25% royalty fee on any and all direct hire fees. This fee for any given month is due on the 5<sup>th</sup> day of the following month. Failure or refusal to pay this fee to SIS Franchising may result in a default of the Franchise Agreement. All amounts paid pursuant to this paragraph 3 shall be credited towards Franchisee’s Minimum Royalty.

(d) National Direct Hire. Franchisee shall pay to SIS Franchising a 30% royalty fee on any and all national account direct hire fees. This fee for any given month is due on the 5<sup>th</sup> day of the following month. Failure or refusal to pay this fee to SIS Franchising may result in a default of the Franchise Agreement. All amounts paid pursuant to this paragraph 3 shall be credited towards Franchisee’s Minimum Royalty.

### **4.3 Marketing Fund Contribution.**

(a) Marketing Fund Contribution. Franchisee shall pay SIS Franchising a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 1% of Franchisee’s Gross Sales (or such lesser amount as SIS Franchising determines), at



the same time as the Royalty Fee.

(b) Marketing Cooperative Contribution. If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

#### **4.4 Replacement / Additional Training Fee.**

If Franchisee sends an employee to SIS Franchising's training program after opening, SIS Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$5,000.

#### **4.5 Third Party Vendors.**

If SIS Franchising requires Franchisee to use a designated third- party vendor, SIS Franchising has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If SIS Franchising does so, it may impose a reasonable markup or charge for administering the payment program.

#### **4.6 Non-Compliance Fee.**

SIS Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non- payment of a fee owed to SIS Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, SIS Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of SIS Franchising's internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of SIS Franchising's other rights and remedies.

#### **4.7 Reimbursement.**

SIS Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If SIS Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to SIS Franchising within 15 days after invoice by SIS Franchising accompanied by reasonable documentation.

#### **4.8 Initial Training Fee.**

At the time Franchisee registers for the Pre-Opening Training, Franchisee shall pay SIS Franchising an Initial Training Fee of \$20,000. The Initial Training Fee is not refundable in whole or in part and is deemed fully earned by SIS Franchising upon payment by Franchisee.

#### **4.9 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to SIS Franchising by pre-authorized bank draft or in such other manner as SIS Franchising may require.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to SIS Franchising by the 5<sup>th</sup> day of the following month. If Franchisee fails to report monthly Gross Sales, then SIS Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to SIS Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that SIS Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. SIS Franchising may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by SIS Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. SIS Franchising may apply any payment received from Franchisee to any obligation and in any order as SIS Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to SIS Franchising any fees or amounts described in this Agreement are not dependent on SIS Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## **ARTICLE 5. ASSISTANCE**

### **5.1 Manual.**

SIS Franchising shall make its Manual available to Franchisee.

### **5.2 Assistance in Hiring Employees.**

SIS Franchising shall provide its suggested staffing levels to Franchisee. SIS Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

### **5.3 Assistance in Training Employees.**

SIS Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

## **5.4 Pre-Opening Assistance.**

(a) Selecting Location. If Franchisee's Location is not listed on the Summary Page, then Franchisee shall select a headquarters Location within the Territory. Franchisee's Location is subject to SIS Franchising's reasonable approval.

(b) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, SIS Franchising shall provide Franchisee with (i) applicable System Standards and other specifications as SIS Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) SIS Franchising's lists of Approved Vendors and/or Required Vendors.

(c) Pre-Opening Training. Upon payment of the Initial Training Fee, SIS Franchising shall make available its standard pre-opening training to the Principal Executive and up to 2 other employees, which may be in-person at SIS Franchising's headquarters and/or at a SI Staffing business designated by SIS Franchising or virtual in SIS Franchising's sole discretion. SIS Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(d) Market Introduction Plan. SIS Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. SIS Franchising shall have a representative support Franchisee's business opening with at least 2 days of onsite opening training and assistance.

## **5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, SIS Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent SIS Franchising deems reasonable. If SIS Franchising provides in-person support in response to Franchisee's request, SIS Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, SIS Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. SIS Franchising will provide Franchisee with SIS Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. SIS Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. SIS Franchising shall manage the Marketing Fund.

(e) Internet. SIS Franchising shall maintain a website for SI Staffing, which will include Franchisee's location (or territory) and telephone number.

## **ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING**

### **6.1 Location.**

(a) Franchisee shall find a potential Location within the Development Area described on the Summary Page. Franchisee shall submit its proposed Location to SIS Franchising for acceptance, with all related information SIS Franchising may request. If SIS Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(b) When SIS Franchising accepts the Location, it shall issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. SIS Franchising shall determine the Territory in its good faith discretion.

(c) **SIS Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and SIS Franchising has no liability to Franchisee with respect to the location of the Business.**

### **6.2 Lease.**

In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by SIS Franchising, Franchisee must submit the proposed lease to SIS Franchising for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement.

### **6.3 Development.**

If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall construct (or remodel) and finish the Location in conformity with SIS Franchising's System Standards.

### **6.4 New Franchisee Training.**

Franchisee's Principal Executive must complete SIS Franchising's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to SIS Franchising's satisfaction, or (ii) SIS Franchising concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then SIS Franchising may terminate this Agreement. In such event, SIS Franchising shall refund the initial franchise fee to Franchisee (less any out-of-pocket costs incurred by SIS Franchising), subject to Franchisee's prior execution of a general release of liability of SIS Franchising and its affiliates, in a form prescribed by SIS Franchising.

### **6.5 Conditions To Opening.**

Franchisee shall notify SIS Franchising at least 30 days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1)

Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of SIS Franchising's required pre-opening training; and (6) SIS Franchising has given its written approval to open, which will not be unreasonably withheld.

## **6.6 Opening Date.**

Franchisee shall open the Business on or before the date stated on the Summary Page.

## **ARTICLE 7. OPERATIONS**

### **7.1 Compliance With Manual and System Standards.**

Franchisee shall at all times and at its own expense comply with all System Standards and with all other mandatory obligations contained in the Manual.

### **7.2 Compliance With Law.**

Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

### **7.3 Products and Services.**

Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by SIS Franchising in the Manual or otherwise in writing.

### **7.4 Prices.**

Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

### **7.5 Personnel.**

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Qualifications. SIS Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(d) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and SIS Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of SIS

Franchising.

## **7.6 Post-Opening Training.**

SIS Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by SIS Franchising. SIS Franchising may charge a reasonable fee for any training programs. SIS Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

## **7.7 Guaranties and Warranties.**

Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that SIS Franchising may require.

## **7.8 Customer Complaints.**

Franchisee shall use its best efforts to promptly resolve any customer complaints. SIS Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and SIS Franchising may require Franchisee to reimburse SIS Franchising for any expenses.

## **7.9 Customer Evaluation and System Compliance Programs.**

Franchisee shall participate at its own expense in programs required from time to time by SIS Franchising for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. SIS Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by SIS Franchising for such programs.

## **7.10 Payment Systems.**

Franchisee shall accept payment from customers in any form or manner designated by SIS Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by SIS Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

## **7.11 Gift Cards, Loyalty Programs, and Incentive Programs.**

At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by SIS Franchising, in the manner specified by SIS Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another SI Staffing business. Franchisee shall comply with all procedures and specifications of SIS Franchising related to gift cards,

certificates, and other pre- paid system, or related to customer loyalty or customer incentive programs.

#### **7.12 Maintenance and Repair.**

If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as SIS Franchising may prescribe from time to time.

#### **7.13 Vehicles.**

If Franchisee purchases or leases one or more vehicles for the Business, Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in good repair, clean, and free of dents and other damage, and shall ensure that the vehicles presents a first-class image appropriate to SIS Franchising's System. Franchisee shall use the vehicle solely for the Business.

#### **7.14 Meetings.**

The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that SIS Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

#### **7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by SIS Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;

(ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and

(iii) Workers Compensation coverage as required by state law.

(b) Franchisee's policies must list SIS Franchising and its affiliates as an additional insured and the policies must stipulate that SIS Franchising shall receive a 30-day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to SIS Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of SIS Franchising.

#### **7.16 Minimum Gross Revenue Requirements.**

During the second and each subsequent year of the term of this Agreement, Franchisee must achieve a minimum Gross Revenue (“Minimum Revenue”). During the second calendar year of the term of this Agreement and each calendar year thereafter, Franchisee must achieve a Minimum Revenue of \$150,000 per calendar year. If Franchisee fails to meet the Minimum Revenue during any calendar year during the term of this Agreement, SIS Franchising shall have the right to terminate this Agreement, in SIS Franchising’s discretion.

#### **7.17 Suppliers and Landlord.**

Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

#### **7.18 Public Relations.**

Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding SI Staffing, the Business, or any particular incident or occurrence related to the Business, without SIS Franchising’s prior written approval.

#### **7.19 Association With Causes.**

Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without SIS Franchising’s prior written approval.

#### **7.20 No Other Businesses.**

If Franchisee is an entity, Franchisee shall not own or operate any other business except SI Staffing businesses.

#### **7.21 No Third-Party Management.**

Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of SIS Franchising, which will not be unreasonably withheld.

#### **7.22 No Co-Branding.**

Franchisee shall not “co-brand” or associate any other business activity with the SI Staffing Business in a manner which is likely to cause the public to perceive it to be related to the SI Staffing Business.

#### **7.23 No Subcontracting.**

Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

#### **7.24 Identification.**



Franchisee must identify itself as the independent owner of the Business in the manner prescribed by SIS Franchising.

## **ARTICLE 8. SUPPLIERS AND VENDORS**

### **8.1 Generally.**

Franchisee shall acquire all Inputs required by SIS Franchising from time to time in accordance with System Standards. SIS Franchising may require Franchisee to purchase or lease any Inputs from SIS Franchising, SIS Franchising's designee, Required Vendors, Approved Vendors, and/or under SIS Franchising's specifications. SIS Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, SIS Franchising shall issue the appropriate System Standards.

### **8.2 Alternate Vendor Approval.**

If SIS Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by SIS Franchising. SIS Franchising may condition its approval on such criteria as SIS Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. SIS Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

### **8.3 Alternate Input Approval.**

If SIS Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by SIS Franchising. SIS Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

### **8.4 Purchasing.**

SIS Franchising may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. SIS Franchising may receive rebates or payments from vendors in connection with purchases by franchisees. SIS Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as SIS Franchising may determine.

### **8.5 No Liability of Franchisor.**

SIS Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

### **8.6 Product Recalls.**

If SIS Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from SIS Franchising or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

## **ARTICLE 9. MARKETING**

### **9.1 Implementation.**

Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by SIS Franchising. Franchisee shall implement any marketing plans or campaigns determined by SIS Franchising.

### **9.2 Use By SIS Franchising.**

SIS Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to SIS Franchising for such purpose.

### **9.3 Marketing Fund.**

SIS Franchising may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If SIS Franchising has established a Marketing Fund:

(a) Separate Account. SIS Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from SIS Franchising's other accounts.

Use. SIS Franchising shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as SIS Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of SIS Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(b) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Marketing Fund will be spent at SIS Franchising's sole discretion, and SIS Franchising has no fiduciary duty with regard to the Marketing

Fund.

(c) Surplus or Deficit. SIS Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, SIS Franchising may loan such funds to the National Marketing Fund on reasonable terms.

(d) Financial Statement. SIS Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of SIS Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

#### **9.4 Marketing Cooperatives.**

SIS Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Territory has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Territory is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. SIS Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If SIS Franchising establishes a Market Cooperative:

(i) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by SIS Franchising. SIS Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by SIS Franchising. Unless otherwise specified by SIS Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. SIS Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any SI Staffing business owned by SIS Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, SIS Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(ii) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to SIS Franchising's approval), standardized promotional materials for use by the members in local advertising and promotion.

(iii) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of SIS Franchising pursuant to Section 9.1. SIS Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(iv) Funding. The majority vote of the Market Cooperative will determine

the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% of Gross Sales.

(v) Enforcement. Only SIS Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(vi) Termination. SIS Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

## **9.5 Required Spending.**

Franchisee shall spend at least 4% of Gross Sales each month on marketing the Business. Upon request of SIS Franchising, Franchisee shall furnish proof of its compliance with this Section. SIS Franchising has the sole discretion to determine what activities constitute “marketing” under this Section. SIS Franchising may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section.

## **9.6 Market Introduction Plan.**

Franchisee must develop a market introduction plan and obtain SIS Franchising’s approval of the marketing plan at least 30 days before the projected opening date of the Business.

## **9.7 Internet Marketing.**

SIS Franchising has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and “social media” marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as SIS Franchising may specify, and only with SIS Franchising’s consent. SIS Franchising retains the right to approve any linking to or other use of SIS Franchising’s website. Franchisee must comply with any internet, online commerce and/or social media policy that SIS Franchising may prescribe.

# **ARTICLE 10. RECORDS AND REPORTS**

## **10.1 Systems.**

Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as SIS Franchising may specify in the Manual or otherwise in writing.

## **10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as SIS Franchising may require in the Manual or otherwise in writing, including:

(i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of SIS Franchising's fiscal year, and

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of SIS Franchising's fiscal year.

(b) Legal Actions and Investigations. Franchisee shall promptly notify SIS Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as SIS Franchising may request.

(c) Government Inspections. Franchisee shall give SIS Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to SIS Franchising such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that SIS Franchising may reasonably request.

### **10.3 Initial Investment Report.**

Within 120 days after opening for business, Franchisee shall submit to SIS Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of SIS Franchising's Franchise Disclosure Document and with such other information as SIS Franchising may request.

### **10.4 Business Records.**

Franchisee shall keep accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as SIS Franchising may specify in the Manual or otherwise in writing.

### **10.5 Records Audit.**

SIS Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. SIS Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by SIS Franchising. Franchisee shall also reimburse SIS Franchising for all costs and expenses of the examination or audit if (i) SIS Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more

for any month.

## **10.6 Remote Access To Point of Sale System.**

Franchisee shall give SIS Franchising unlimited access to Franchisee's point of sale system and other software systems related to the operation of the Business, by any means designated by SIS Franchising.

## **ARTICLE 11. FRANCHISOR RIGHTS**

### **11.1 Manual; Modification.**

The Manual, and any part of the Manual, may be in any form or media determined by SIS Franchising. SIS Franchising may supplement, revise, or modify the Manual, and SIS Franchising may change, add or delete System Standards at any time in its discretion. SIS Franchising may inform Franchisee thereof by any method that SIS Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, SIS Franchising's master copy will control.

### **11.2 Business Evaluation.**

SIS Franchising may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, SIS Franchising may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Franchisee shall cooperate with SIS Franchising's evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. SIS Franchising may videotape and/or take photographs of the evaluation. Without limiting SIS Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If SIS Franchising conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then SIS Franchising may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

### **11.3 SIS Franchising's Right To Cure.**

If Franchisee breaches or defaults under any provision of this Agreement, SIS Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse SIS Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

### **11.4 Right to Discontinue Supplies Upon Default.**

While Franchisee is in default or breach of this Agreement, SIS Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by SIS Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by SIS

Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of SIS Franchising are in addition to any other right or remedy available to SIS Franchising.

### **11.5 Business Data.**

All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by SIS Franchising. SIS Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

### **11.6 Innovations.**

Franchisee shall disclose to SIS Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. SIS Franchising will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

### **11.7 Delegation.**

SIS Franchising may delegate any duty or obligation of SIS Franchising under this Agreement to a third party.

### **11.8 System Variations.**

SIS Franchising may vary or waive any System Standard for any one or more SI Staffing franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

## **ARTICLE 12. MARKS**

### **12.1 Authorized Marks.**

Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by SIS Franchising, and only in the manner as SIS Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of SIS Franchising.

### **12.2 Change of Marks.**

SIS Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after SIS Franchising makes any such change, Franchisee must comply

with the change, at Franchisee's expense.

### **12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) SIS Franchising shall defend Franchisee (at SIS Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) SIS Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement By Third Party. Franchisee shall promptly notify SIS Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. SIS Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. SIS Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## **ARTICLE 13. COVENANTS**

### **13.1 Confidential Information.**

With respect to all Confidential Information, Franchisee shall: (i) adhere to all procedures prescribed by SIS Franchising for maintaining confidentiality, (ii) disclose such information to its employees only to the extent necessary for the operation of the Business; (iii) not use any such information in any other business or in any manner not specifically authorized in writing by SIS Franchising, (iv) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (v) not copy or otherwise reproduce any Confidential Information, and (vi) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by SIS Franchising (except for Confidential Information which SIS Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### **13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other SI Staffing business operating on the date of termination or transfer, as applicable.



(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of SIS Franchising. Franchisee agrees that the existence of any claim it may have against SIS Franchising shall not constitute a defense to the enforcement by SIS Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

### **13.3 Employee Recruitment.**

During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by SIS Franchising or by any other SI Staffing franchisee.

### **13.4 General Manager and Key Employees.**

If requested by SIS Franchising, Franchisee will cause its general manager and other key employees to sign SIS Franchising's then-current form of confidentiality and non-compete agreement.

## **ARTICLE 14. DEFAULT AND TERMINATION**

### **14.1 Termination by Franchisee.**

Franchisee may terminate this Agreement only if SIS Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after SIS Franchising receives written notice of termination.

### **14.2 Termination by SIS Franchising.**

(a) Subject to 10-Day Cure Period. SIS Franchising may terminate this Agreement if Franchisee does not make any payment to SIS Franchising when due, or if Franchisee does not have sufficient funds in its account when SIS Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after SIS Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and fails to cure such breach to SIS Franchising's satisfaction within 30 days after SIS Franchising gives notice to Franchisee of such breach, then SIS Franchising may terminate this Agreement.

(c) Without Cure Period. SIS Franchising may terminate this Agreement

by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee intentionally submits any false report or intentionally provides any other false information to SIS Franchising;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page;

(v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vi) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(vii) Franchisee or any Owner slanders or libels SIS Franchising or any of its employees, directors, or officers;

(viii) Franchisee refuses to cooperate with or permit any audit or inspection by SIS Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.

(ix) the Business is operated in a manner which, in SIS Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from SIS Franchising or otherwise);

(x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xi) SIS Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);

(xii) Franchisee or any Owner is charged with, pleads guilty to, or is convicted of a felony, or is accused by any governmental authority or third party of any act that in SIS Franchising's opinion is reasonably likely to materially and unfavorably affect SIS Franchising's brand; or

(xiii) Franchisee has annual gross sales in the second year and each year thereafter \$150,000 or less.

### **14.3 Effect of Termination.**

Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to SIS Franchising based on the operation of the Business through the effective date of termination or expiration;

(ii) return to SIS Franchising all copies of the Manual, Confidential Information and any and all other materials provided by SIS Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to SIS Franchising or any new franchisee as may be directed by SIS Franchising, and Franchisee hereby irrevocably appoints SIS Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

### **14.4 Remove Identification.**

If Franchisee operates from a Location other than Franchisee's home, then within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a SI Staffing business, to the reasonable satisfaction of SIS Franchising. Franchisee shall comply with any reasonable instructions and procedures of SIS Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, SIS Franchising may enter the

Location to remove the Marks and de-identify the Location. In this event, SIS Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by SIS Franchising.

#### **14.5 Other Claims.**

Termination of this Agreement by SIS Franchising will not affect or discharge any claims, rights, causes of action or remedies (including claims for SIS Franchising's lost future income after termination), which SIS Franchising may have against Franchisee, whether arising before or after termination.

#### **14.6 Purchase Option.**

When this Agreement expires or is terminated, SIS Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value. To exercise this option, SIS Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. SIS Franchising's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If SIS Franchising exercises the purchase option, SIS Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by SIS Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, SIS Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. SIS Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. SIS Franchising may assign this purchase option to another party.

### **ARTICLE 15. TRANSFERS**

#### **15.1 By SIS Franchising.**

SIS Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and SIS Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

#### **15.2 By Franchisee.**

Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that SIS Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing SIS Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining SIS Franchising's consent. In granting any such consent, SIS Franchising may impose conditions, including, without limitation, the following:

- (i) SIS Franchising receives a transfer fee equal to \$2,000;

(ii) the proposed assignee and its owners have completed SIS Franchising's franchise application processes, meet SIS Franchising's then-applicable standards for new franchisees, and have been approved by SIS Franchising as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes SIS Franchising's then-current form of franchise agreement, which form may contain materially different provisions;

(v) Franchisee has paid all monetary obligations to SIS Franchising in full, and Franchisee is not otherwise in default or breach of this Agreement;

(vi) the proposed assignee and its owners and employees undergo such training as SIS Franchising may require;

(vii) Franchisee, its Owners, and the transferee and its owners execute a general release of SIS Franchising in a form satisfactory to SIS Franchising; and

(viii) the Business fully complies with all of SIS Franchising's most recent System Standards.

### **15.3 Transfer for Convenience of Ownership.**

If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to SIS Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by SIS Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

### **15.4 Transfer upon Death or Incapacity.**

Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by SIS Franchising within nine months after death or incapacity. Such transfer must comply with Section 15.2.

### **15.5 SIS Franchising's Right of First Refusal.**

Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or Section 15.4), SIS Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its owners) shall provide to SIS Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of SIS Franchising's receipt of such copy, SIS

Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that SIS Franchising may substitute cash for any other form of payment). If SIS Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

#### **15.6 No Sublicense.**

Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

#### **15.7 No Lien on Agreement.**

Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

### **ARTICLE 16. INDEMNITY**

#### **16.1 Indemnity.**

Franchisee shall indemnify and defend (with counsel reasonably acceptable to SIS Franchising) SIS Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against SIS Franchising and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from claims arising as a result of any Indemnatee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

#### **16.2 Assumption by SIS Franchising.**

SIS Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

### **ARTICLE 17. DISPUTE RESOLUTION**

#### **17.1 Arbitration.**

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where SIS

Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for SIS Franchising to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, SIS Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

## **17.2 Damages.**

In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior the expiration of the term, SIS Franchising's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to SIS Franchising but for the termination.

## **17.3 Waiver of Class Actions.**

The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

## **17.4 Time Limitation.**

Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

## **17.5 Venue Other Than Arbitration.**

For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where SIS Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where SIS Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

## **17.6 Legal Costs.**

In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## **ARTICLE 18. MISCELLANEOUS**

### **18.1 Relationship of the Parties.**

The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. SIS Franchising is not a fiduciary of Franchisee and does not control Franchisee or its Business. SIS Franchising has no liability for Franchisee's obligations to any third party whatsoever.

### **18.2 No Third-Party Beneficiaries.**

This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, SIS Franchising, and SIS Franchising's affiliates.

### **18.3 Entire Agreement.**

This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by SIS Franchising in its franchise disclosure document.

### **18.4 Modification.**

No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit SIS Franchising's rights to modify the Manual or System Standards.

### **18.5 Consent; Waiver.**

No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

### **18.6 Cumulative Remedies.**

Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

### **18.7 Severability.**

The parties intend that (i) if any provision of this Agreement is held by an arbitrator or



court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

### **18.8 Governing Law.**

The laws of the state of Maryland (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties.

### **18.9 Notices.**

Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to SIS Franchising, addressed to 2760 Lighthouse Point W, Suite 201, Baltimore MD 21224. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, SIS Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

### **18.10 Joint and Several Liability.**

If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

### **18.11 No Offer and Acceptance.**

Delivery of a draft of this Agreement to Franchisee by SIS Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and SIS Franchising.

Agreed to by:FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name:\_\_\_\_\_

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

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

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

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

Name: \_\_\_\_\_

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

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

## **Attachment 1 to Franchise Agreement**

### **STATE ADDENDA TO FRANCHISE AGREEMENT**

#### **ILLINOIS RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. **FRANCHISE FEES.** All fees and initial payments are deferred until the franchisee is open for business and the franchisor has delivered all pre-opening obligations. The Illinois Attorney General’s office imposed this deferral requirement due to franchisor’s financial condition. The Illinois Attorney General’s Office imposed this deferral requirement due to franchisor’s financial condition.

6. **Acknowledgements.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. **Termination and Non-Renewal Rights.** Your rights upon Termination and Non-Renewal of an agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. **Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, SIS Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve SIS Franchising or any other person from liability under the Maryland Franchise Law.

3. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. **Initial Fees.** All fees and initial payments are deferred until the Franchisee is open for business and the Franchisor has delivered all pre-opening obligations.

7. **Acknowledgements.** No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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 or any document executed in connection with the franchise.

8. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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



## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by: Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve SIS Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by SIS Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.

(3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.

(5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.

(7) **Waiver of Exemplary & Punitive Damages:** Franchisee does not waive of exemplary and punitive damages.

(8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## VIRGINIA RIDER TO THE FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Franchise Fees.** The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT  
AND RELATED AGREEMENTS**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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



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

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Swift International Staffing, LLC for your Forever Learning Montessori franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

Swift International Staffing, LLC

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

Name: \_\_\_\_\_

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

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

### **Attachment 3 to Franchise Agreement**

#### **GUARANTY AND NON-COMPETE AGREEMENT**

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”).

**Background Statement:** \_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with SIS Franchising for the franchise of a SI Staffing business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce SIS Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to SIS Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to SIS Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and SIS Franchising upon demand from SIS Franchising. Guarantor waives (a) acceptance and notice of acceptance by SIS Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that SIS Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by SIS Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by SIS Franchising,

(d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized

disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by SIS Franchising or its affiliates (except for Confidential Information which SIS Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to SIS Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other SI Staffing business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of SIS Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against SIS Franchising shall not constitute a defense to the enforcement by SIS Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

**4. Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by SIS Franchising or by any other franchisee of SIS Franchising.

**5. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which SIS Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**6. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Maryland. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

Name: \_\_\_\_\_

Address: \_\_\_\_\_

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

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

Name: \_\_\_\_\_

Address: \_\_\_\_\_

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

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

Name: \_\_\_\_\_

Address: \_\_\_\_\_

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

## **Attachment 4 to Franchise Agreement**

### **FORM OF GENERAL RELEASE**

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. As a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

1. **Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases SIS Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).

2. **Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. **Representations and Acknowledgments.** Releasor represents and warrants that:  
(i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. **Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that SIS Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

Agreed to by:

\_\_\_\_\_

Name: \_\_\_\_\_

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

**EXHIBIT C**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

This Multi-Unit Development Agreement (this “MUDA”) is made between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, SIS Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Swift International Staffing business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). SIS Franchising and Franchisee desire that Franchisee develop multiple Swift International Staffing businesses.

**1. Multi-Unit Commitment.**

(a) Development Schedule; Fee. Franchisee shall develop and open Swift International Staffing businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating On Deadline	Initial Franchise Fee
1		1	\$_____
2		2	\$_____
3		3	\$_____
4		4	\$_____
5		5	\$_____
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to SIS Franchising. The Initial Franchise Fee is non-refundable except as provided in Section 6.4 of the Franchise Agreement.

**2. Form of Agreement.** For Store #1, Franchisee and SIS Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Swift International Staffing franchise, Franchisee shall execute SIS Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Swift International Staffing business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Swift International Staffing business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Swift International Staffing business.

3. **Development Area.** Franchisee shall locate each Swift International Staffing business it develops under this MUDA within the following area: \_\_\_\_\_ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Swift International Staffing businesses in the Development Area.

4. **Default and Termination.** SIS Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) SIS Franchising has the right to terminate any franchise agreement between SIS Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not SIS Franchising actually terminates such franchise agreement).

5. **Limitation of Liability.** Franchisee’s commitment to develop Swift International Staffing businesses is in the nature of an option only. If SIS Franchising terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to SIS Franchising for lost future revenues or profits from the unopened Swift International Staffing businesses. Franchisee may terminate this MUDA at any time.

6. **Conditions.** Franchisee’s right to develop each Swift International Staffing franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Swift International Staffing business, in the reasonable judgment of SIS Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open its Swift International Staffing businesses, and not in default under any Franchise Agreement or any other agreement with SIS Franchising.

7. **Dispute Resolution; Miscellaneous.** The laws of the State of Delaware (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of SIS Franchising, and any Transfer without SIS Franchising’s prior written consent shall be void. The provisions of Section 15.1 (Transfer By SIS Franchising), Article 17 (Dispute Resolution), and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

8. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by SIS Franchising in its franchise disclosure document.

Agreed to by:



FRANCHISOR:

SWIFT INTERNATIONAL STAFFING FRANCHISING, LLC

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

Name: \_\_\_\_\_

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

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

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

\_\_\_\_\_

## Attachment 1 to Multi-Unit Development Agreement

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### STATE ADDENDA

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#### ILLINOIS RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. **FRANCHISE FEES.** All fees and initial payments are deferred until the franchisee is open for business and the franchisor has delivered all pre-opening obligations. The Illinois Attorney General’s office imposed this deferral requirement due to franchisor’s financial condition. The Illinois Attorney General’s Office imposed this deferral requirement due to franchisor’s financial condition.

6. **Acknowledgements.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. **Termination and Non-Renewal Rights.** Your rights upon Termination and Non-Renewal of an agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## INDIANA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. **Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is

without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. **Effective Date.** This Rider is effective as of the Effective Date.

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, SIS Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve SIS Franchising or any other person from liability under the Maryland Franchise Law.

3. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. **Initial Fees.** All development fees and initial payments by the developers shall be deferred until the first franchise under the MUDA opens.

7. **Acknowledgements.** No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under 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 or any document executed in connection with the franchise.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## MINNESOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logos or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. **Effective Date.** This Rider is effective as of the Effective Date.

FRANCHISEE:

\_\_\_\_\_

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



Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve SIS Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3. **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by SIS Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## NORTH DAKOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.

(3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.

(5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.

(7) **Waiver of Exemplary & Punitive Damages:** Franchisee does not waive of exemplary and punitive damages.

(8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## RHODE ISLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## VIRGINIA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Swift International Staffing, LLC, a Delaware limited liability company (“SIS Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2.** The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

FRANCHISEE:

\_\_\_\_\_

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

Name: \_\_\_\_\_

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

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

FRANCHISOR: SWIFT INTERNATIONAL STAFFING, LLC

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

Name: \_\_\_\_\_

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

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

## **WASHINGTON RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

(See Exhibit B for Washington Addendum to Disclosure Document, Franchise Agreement and Related Agreements)

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**EXHIBIT D**

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**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21224-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21224-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor	



	Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Regulation 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota, 55101- 2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8285	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

## STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	January 16, 2024
Indiana	
Maryland	Pending
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	June 16, 2023
Washington	
Wisconsin	

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## RECEIPT

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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 Swift International Staffing, LLC 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. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Swift International Staffing, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Yuri Kovalenko	2760 Lighthouse Point W, Suite 201, Baltimore MD 21224	410-547-2424
Andrey Gustov	2760 Lighthouse Point W, Suite 201, Baltimore MD 21224	410-547-2424

Issuance Date: February 28, 2024

I received a disclosure document that included the following Exhibits:

- A. State Addenda to Disclosure Document
- B. Franchise Agreement (with State Addenda to Franchise Agreement, Guaranty and Non-Compete Agreement, and Form of General Release)
- C. Multi-Unit Development Agreement
- D. State Administrators and Agents for Service of Process (with State Addenda to Multi-Unit Development Agreement)

State Effective Dates

Receipt (2 copies)

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

Print Name: \_\_\_\_\_

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

**Keep This Copy For Your Records**

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## RECEIPT

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State Effective Dates

Receipt (2 copies)

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

Print Name: \_\_\_\_\_

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

**Return this copy to us.**

**Swift International Staffing, LLC, 2760 Lighthouse Point W, Suite 201, Baltimore, MD 21224**