

FRANCHISE DISCLOSURE DOCUMENT



WKSA, LLC

(a Texas limited liability company)

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The franchise offered is for the establishment of one or more Kuk Sool Won martial arts schools (each a “School”). The term “School” includes franchised and franchisor/affiliate-operated Kuk Sool Won martial arts schools.

The total investment necessary to begin operation of a franchised School ranges from \$25,045 to \$70,800 for a full-time School, \$5,895 to \$12,300 for a part-time School and \$2,895 to \$9,300 for a part-time School that is further designated a transient School. This includes \$1,245 to \$20,300 that must be paid to us or our affiliates.

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, contact Master Alex Suh at 37937 FM 1774 Road, Magnolia, Texas 77355 and (832) 934-1400.

The terms of your contract will govern your franchise relationship. Do not 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 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.

Date of Issuance: March 1, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Kuk Sool Won martial arts school business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Kuk Sool Won martial arts school franchisee.	Item 20 or Exhibit G and H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 operations.

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.

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 State 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 that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in the financial statements (see item 21), calls into question the franchisor's financial ability to provide services and support to a franchisee.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund 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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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is WKSA, LLC. To simplify the Disclosure Document, WKSA, LLC is referred to as “WKSA,” “we,” “us” or “our.” “You” means the person or legal entity who buys the franchise, the franchisee. If you are a corporation, limited liability company, partnership or any other type of legal entity, certain of the provisions of the Franchise Agreement (defined below) also will apply to, and be binding upon, certain of your owners (referred to as your “Owners”). We will require that your Owners personally guarantee, and be personally bound by, some or all of your obligations under the Franchise Agreement.

Kuk Sool Won is the famous and well known Korean National Martial Arts Association. Kuk Sool Won is a worldwide organization with member schools teaching and employing martial arts theory based on ancient Korean martial arts. The techniques employed by the Association’s members were systematically developed by our Grandmaster In Hyuk Suh in 1958 in South Korea.

After immigrating to the United States in 1974, Kuk Sa Nim In Hyuk Suh, the founder of Kuk Sool Won, formed Kuk Sool Won’s alter ego and our affiliate/parent, the World Kuk Sool Association, Inc. Grandmaster Suh (aka Kuk Sa Nim, which translates “National Teacher”) developed a comprehensive method of martial arts training to promote a better understanding of martial arts through good physical and mental health. Grand Master Suh calls the methodology employed the “Five Principles of Forms and Three Theories (Yoo-Won-Hwa).” These training techniques and corresponding curriculum are derived from the three branches of traditional martial arts: (1) goong joong mu sool, (royal court martial arts); (2) bool kyo mu sool, (Buddhist martial arts); and (3) sah doh mu sool, (tribal martial arts). The Kuk Sool Won member schools promote not only these martial arts techniques, but also the curriculum developed by Grandmaster Suh.

The technique developed by Grandmaster Suh and actively promoted by the members of the Kuk Sool Won is characterized by low stances and fluid, graceful motions, and is structured to take a practitioner in a logical progression from the beginning to Master level. The training includes ancient, traditional martial arts methods but also incorporates modern variants such as kicking, punching, blocking, joint locking, grappling, throwing, acrobatics, body conditioning, meditation, breathing techniques, healing arts, traditional weapons and other weapons training, all of which must be performed with speed, accuracy and control. The ultimate goal is self-defense, conditioning and competition.

We are a Texas limited liability company, which was formed on August 27, 2007. We do business under our company name and “WKSA”. Our principal business address is 37937 FM 1774 Road, Magnolia, Texas 77355. Our agents for service of process are listed in **Exhibit A**.

We do not own or operate any Schools. Our affiliate/parent World Kuk Sool Association, Inc. (the “Association”) has owned and operated Schools since 1974. We began offering franchises for the operation of Schools on October 6, 2008. We have not offered franchises in any other line of business. As of the date of this Disclosure Document, we do not own or operate a School. Our Director and Treasurer, Master Alex Suh is the designated instructor of one School in Tomball, Texas. His spouse is the owner of that School.

Our Parents, Predecessors and Affiliates

We trace our roots back to 1958 when our Grandmaster Suh established Kuk Sool Won as described above. In 1974, Grandmaster Suh founded the World Kuk Sool Association as a sole proprietorship.

In 1983, the World Kuk Sool Association, Inc. began offering licenses for Schools, which operate under terms which differ substantially from the Franchise Agreement (defined below). It has not offered any other licenses or franchises in any line of business. World Kuk Sool Association, Inc. is our affiliate and our parent. Its principal business address is the same as ours. World Kuk Sool Association, Inc. is the owner of our Trademarks (defined below). We acquired the license to use and sub-license the Trademarks (defined below) from World Kuk Sool Association, Inc. in February 2008. World Kuk Sool Association, Inc. does not sell goods or services to you. However, as described in Item 8, all of your students must be members of World Kuk Sool Association, Inc. by paying us membership fees. We do not have any other parents or predecessors.

Gaya Won, LLC, our affiliate, is a supplier of uniforms, weapons, belts and patches, textbooks and handbooks to us and our franchisees. Gaya Won, LLC is a Texas limited liability company and its principal business address is 37937 FM 1774 Road, Magnolia, Texas 77355. It has never offered franchises in any line of business.

Description of the Franchise

We offer franchise agreements (“Franchise Agreements”) which grant franchises for the establishment and operation of Schools. Schools operate under our trademarks, which include (i) our logo; (ii) “Kuk Sool Won”; (iii) the elements and components of a School’s trade dress, and (iv) any and all additional or different trade names, trademarks, service marks, logos and slogans that we adopt occasionally to identify the System (defined below) and the products and services offered by the Schools (the “Trademarks”) and the System (defined below). Schools offer the general public high quality martial arts training in Kuk Sool Won, a comprehensive, traditional Korean martial arts system.

The training includes ancient, traditional martial arts methods but also incorporates modern variants such as kicking, punching, blocking, joint locking, grappling, throwing, acrobatics, body conditioning, meditation, breathing techniques, healing arts, traditional weapons and other weapons training, all of which must be performed with speed, accuracy and control.

The Franchise Agreement grants the right to own and operate one School at a designated site (the “Site”) for an initial term of 3 years. The School which you will establish under the Franchise Agreement is referred to in this Disclosure Document as the “Franchised School.” We offer Franchise Agreements for the operation of part-time Franchised Schools (each a “PT Franchised School”), full-time Franchised Schools (each a “FT Franchised School”) and transient schools (each a “Transient School”). A FT Franchised School is a martial arts school that is located at a Site that is dedicated exclusively to the operation of a School. A PT Franchised School is a martial arts school that holds its teaching sessions at a Site that is rented or loaned on an hourly or part-time basis, such as at a church. A PT Franchised School may be further designated a Club Franchised School, which means a School located in a facility which only members of the facility

may participate, such as at a health club or YMCA. A Transient School is a School located at a site that is transitory in nature due to the fact that the Franchisee or Designated Instructor is located in the area on a non-permanent basis such as at a college or military base. Unless otherwise designated in your Franchise Agreement your Franchised School will be a PT Franchised School. Our form of Franchise Agreement is attached to this Disclosure Document as **Exhibit B**. If you will operate a Club School, you must also sign our Club Franchised School Addendum, attached to this Disclosure Document as **Exhibit C**. If you will operate a Transient School, you must sign our Transient School Addendum, attached to this Disclosure Document as **Exhibit D**.

You must operate the Franchised School according to our business methods, designs, arrangements and standards for developing and operating Schools, which are identified by the Trademarks, including those pertaining to site selection, construction, building design, signage and layouts, equipment, specifications for products and services, training, requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which we may improve, further develop or otherwise modify from time to time (the “System”). You must be at least a candidate for a Second Degree Black Belt (as certified by us or our affiliates) in order to operate a Franchised School. If you, the franchisee, are not an individual, you must designate one instructor who is at least a candidate for a Second Degree Black Belt (as certified by us or our affiliates) who will be responsible for general oversight and management of the operations of the School on behalf of Franchisee (the “Designated Instructor”).

The market for a School is any child or adult that has an interest in martial arts. Demand for the services provided by the School will come from consumer rather than commercial markets. Your competitors include any business offering martial arts instruction including, but not limited to, other martial arts schools and health clubs that offer martial arts instruction. You may also compete with the Schools operated by us and with other of our franchisees.

Industry Specific Regulation

We are not aware of any regulations specific to the operation of a School.

Your development and operation of the School will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and other employee matters.

We recommend that you check with your state and local agencies to determine which laws apply to the operation of a School in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2 BUSINESS EXPERIENCE

Director, President and Grandmaster: Grandmaster In Hyuk Suh

Beginning in August 2007 until the present, Grandmaster In Hyuk Suh has served as our Director, President and Grandmaster. He is located in Magnolia, Texas. Beginning October 1981 until the present, he has also served as the President and Grandmaster of World Kuk Sool Association, Inc. in Tomball, Texas. Grandmaster In Hyuk Suh is the husband of Samonim Suk Hui Suh and father of Master Alex Suh, D.C.

Director and Corporate Secretary: Samonim Suk Hui Suh

Beginning in August 2007 until the present, Samonim Suk Hui Suh has served as our Director and Corporate Secretary. She is located in Magnolia, Texas. Samonim Suk Hui Suh is the wife of Grandmaster In Hyuk Suh and mother of Master Alex Suh, D.C.

Director and Treasurer: Master Alex Suh, D.C.

Beginning in August 2007 until the present, Master Alex Suh, D.C. has served as our Director and Treasurer. He is located in Magnolia, Texas. Master Alex Suh, D.C. is son of Grandmaster In Hyuk Suh and Samonim Suk Hui Suh.

We do not employ franchise brokers.

ITEM 3 LITIGATION

California Department of Financial Protection and Innovation vs. WKSA, LLC. Consent Order, dated October 5, 2022. The Commissioner of Financial Protection and Innovation commenced an investigation of the Franchisor relating to the collection of a \$45-\$100 application fee before providing the prospective or actual investor with a Franchise Disclosure Document, in violation of California Corporations Code section 31119. The Commissioner found that WKSA, on at least three (3) instances, failed to provide franchisees in California with a WKSA FDD at least fourteen (14) days prior to the receipt of consideration in violation of California Corporations Code section 31119. The Commissioner also found that WKSA, on at least one (1) instance, failed to at all times keep and maintain a complete set of books, records, and accounts of franchise sales, in violation of section 31150. The Commissioner finally found that WKSA, on at least five (5) instances, failed to disclose to the Commissioner that WKSA did not provide investors with a WKSA FDD at least fourteen (14) days prior to the receipt of consideration, or at all, in violation of section 31200. The Franchisor entered a Consent Order effective October 5, 2022, with the Department in which the Franchisor paid an administrative penalty of \$7,500 and consented to desist and refrain from violations of the California Corporations Code sections 31119, 31150 and 31200, pursuant to California Corporations Code sections 31402, and 31406.

Other than this one (1) action, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Fee

The franchise fee for each PT Franchised School is \$4,000. The franchise fee for each FT Franchised School is \$20,000. The franchise fee for each PT Franchised School that is further designated as Transient School is \$1,000. The franchise fee is payable in a lump sum when you sign the Franchise Agreement.

The franchise fee is uniformly imposed and is not refundable.

Initial Annual Fee

The first Annual Fee for a PT Franchised School is \$200. The first Annual Fee for a FT Franchised School is \$200. The first Annual Fee for a Transient School is \$200. The first Annual Fee shall be payable when you sign the Franchise Agreement.

Application Fee

The non-refundable application fee for each potential franchise is \$45-100 (the “Application Fee”). We shall provide you with an FDD at least 14 days prior to the collection of this Application Fee as required by law. We will not collect the Application Fee until we have provided you with an FDD, received an FDD receipt from you, and 14 days have passed from the date of receipt of the FDD.

ITEM 6
OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks, Definitions or Caveats
Annual Fee	<p>\$200 per year for FT Franchised School.</p> <p>\$200 per year for PT Franchised School.</p> <p>\$200 per year for a Transient School.</p>	<p>The first Annual Fee for Franchisees operating a FT Franchised School or PT Franchised School shall be due on the Effective Date. Thereafter, the Annual Fee shall be paid on the same date each year until the expiration of the Initial Term. Upon the expiration of the Initial Term and any successive term the Annual Fee shall be payable at the option of the Franchisee either: (a) annually with payments beginning on the effective date of the applicable term (a “Renewal Date”) and continuing on the same date each year thereafter; or (b) in one lump sum payable within sixty (60) days from the applicable Renewal Date.</p> <p>The first Annual Fee for Franchisees operating a Transient School shall be due on the Effective Date. Thereafter, the Annual Fee shall be paid on the same date each year until this Agreement terminates or expires.</p>	
Royalty Fee	1% of Gross Sales ⁽²⁾ .	Payable by the 5 th business day of each month	
Advertising Fund	Up to 1% of Gross Sales ⁽²⁾ .	Payable by the 5 th business day of each month.	This fee is not currently being collected.
Training	\$150	On demand.	<p>You or your Designated Instructor must attend a Continuing Education Program (“CEP”) once per year.</p> <p>The amount may change from time to time in our sole discretion.</p> <p>You must pay all expenses of your personnel incurred in any initial or additional training, including the costs of travel, lodging, meals and wages.</p>
Additional Operating Assistance	\$250 per day per person plus travel costs.	Payable by the 10 th business day after services are provided.	We may charge you this fee for any operating assistance that you require.
Transfer Fee	\$500 per FT or PT School.	Before transfer.	There is no separate transfer fee for a Transient School.
Audit	Cost of audit plus interest on underpayment.	On demand.	Payable only if an audit shows an understatement of at least 2% for the period audited.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks, Definitions or Caveats
Renewal Fee	The then-current Annual Fee, plus the costs to reimburse us for the cost to run a criminal background check (currently \$200 for an FT Franchised School, \$200 for a PT Franchised School and \$200 for a Transient School).	Before renewal date.	Payable only if you elect to renew your Franchise Agreement.
Membership Fees ⁽³⁾	\$10 to \$50 per student.	On each student joining World Kuk Sool Association.	Membership fees are paid by students and may change from year to year.
Interest	The lesser of (i) 1.5% or (ii) the highest lawful rate or interest permitted by applicable state and federal law.	On demand.	Payable only if payments are late.
Indemnification	Will vary depending on loss.	On demand.	You must indemnify us if we incur losses arising out of the operation of your Franchised School (See Item 9).
Enforcement Costs	Will vary depending on circumstances.	On demand.	Payable only if we incur fees and costs to enforce the Franchise Agreement.

Explanatory Notes

1. Except as described above, all fees are uniformly imposed by and payable to us. All fees are nonrefundable. We may require you to make any or all payments by electronic funds transfer or other comparable means. If we require this, you must comply with all the procedures we set forth and sign all documents necessary to assist or accomplish the electronic funds transfer.

2. Gross Sales includes all revenues, fees, testing fees, membership fees, rebates, commissions, overrides or other consideration of any type from the sale of services or products in, on, or from the Schools or through any other means that is in any way related to your School, whether for cash, exchange or credit, including, without limitation, any other revenues in any way associated with or developed through the use of the Trademarks, except that Gross Sales will not be deemed to include any state or local sales, use or service taxes collected from Students and paid to the appropriate taxing authority.

3. The Membership Fee may increase and is paid by your students.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment for an FT Franchised School⁽¹⁾

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$24,000	Lump Sum	At signing of Franchise Agreement	Us
Annual Fee	\$200	Lump Sum	At signing of Franchise Agreement	Us
Application Fee	\$45 to \$100	Lump sum	On submission of application	Us
Training Expenses	\$150 to \$2,500	As Incurred	During Training	Vendors (Includes travel and living expenses, such as airline tickets, hotels and meals)
Lease (Prepaid Rent)	\$500 to \$6,500	As Incurred		Landlord
Leasehold Improvements ⁽³⁾	\$500 to \$7,500	As Incurred	Before Opening	General Contractor, Landlord, or Vendors
School Fixtures and Equipment	\$500 to \$1,500	Lump Sum	Before Opening	Vendors
Inventory	\$500 to \$2,500	As Incurred	Before Opening	Suppliers, which may include suppliers affiliated with us
Signage	\$500 to \$6,000	Lump Sum	Before Opening	Vendors
Advertising ⁽⁴⁾	\$250 to \$1,000	As Incurred	As Incurred	Service Providers
Security and Utility Deposits ⁽⁵⁾	\$250 to \$1,500	Lump Sum	Before Opening	Vendors and Utility Companies
Lease Review	\$150 to \$500	As Incurred	As Incurred	Attorneys
Additional Funds (for the initial 3 months of operations) ⁽⁶⁾	\$1,000 to \$20,000	As Incurred	As Incurred	
Insurance ⁽⁷⁾	\$500 to \$1,000	As Incurred	Before Opening	Insurance Company
TOTAL⁽⁸⁾	\$20,300 to 70,800			

Your Estimated Initial Investment for a PT Franchised School⁽¹⁾

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ⁽²⁾	\$4,000	Lump Sum	At signing of Franchise Agreement	Us
Annual Fee	\$200	Lump Sum	At signing of Franchise Agreement	Us
Application Fee	\$45 to \$100	Lump sum	On submission of application	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Training Expenses	\$150 to \$1,500	As Incurred	During Training	Vendors (Includes travel and living expenses, such as airline tickets, hotels and meals)
Inventory	\$500 to \$1,000	As Incurred	Before Opening	Suppliers, which may include suppliers affiliated with us
Advertising ⁽⁴⁾	\$250 to \$500	As Incurred	As Incurred	Service Providers
Additional Funds (for the initial 3 months of operation) ⁽⁶⁾	\$500 to \$4,500	As Incurred	As Incurred	
Insurance ⁽⁷⁾	\$250 to \$500	As Incurred	Before Opening	Insurance Company
TOTAL⁽⁸⁾	\$5,895 to 12,300			

Your Estimated Initial Investment for a Transient School⁽¹⁾

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ⁽²⁾	\$500	Lump Sum	At signing of Franchise Agreement	Us
Annual Fee	\$200	Lump Sum	At signing of Franchise Agreement	Us
Application Fee	\$45 to \$100	Lump sum	On submission of application	Us
Training Expenses	\$150 to \$1,500	As Incurred	During Training	Vendors (Includes travel and living expenses, such as airline tickets, hotels and meals)
Inventory	\$500 to \$1,000	As Incurred	Before Opening	Suppliers, which may include suppliers affiliated with us
Advertising ⁽⁴⁾	\$250 to \$500	As Incurred	As Incurred	Service Providers
Additional Funds (for the initial 3 months of operation) ⁽⁶⁾	\$500 to \$4,500	As Incurred	As Incurred	
Insurance ⁽⁷⁾	\$250 to \$500	As Incurred	Before Opening	Insurance Company
TOTAL⁽⁸⁾	\$2,895 – 9,300			

Explanatory Notes

1. Unless otherwise stated, none of the expenses described in these charts are refundable. These costs are estimates only based on our and our licensees' experiences. Actual costs may vary materially depending on the actual size of your school and other factors like the inventory you need. These estimates are also based on market conditions experienced in Texas in 2022. Your

local market conditions may be different, including local construction activity and your local building and other codes.

2. The franchise fee is explained in detail in Item 5.
3. You must purchase or lease retail space. The typical School has 1,000 to 2,500 square feet and is located in an outdoor or enclosed mall or in a strip center. Rent for retail space is estimated to be between \$800 and \$7,500 per month depending on factors such as size, condition and location of leased premises.
4. This amount may vary because of differences in local advertising rates.
5. Security and utility deposits include estimated deposits for leased premises and equipment, telephone service and other utilities.
6. You will need additional funds during the start-up phase of your business to pay employees, purchase supplies (including stationary, business cards and other forms) and pay other expenses. We estimate the start-up phase to be 3 months from the date you open for business. These amounts do not include any estimates for debt service. This amount does not include your living expenses. You will also need sufficient capital to pay for your living expenses for at least twelve months. You must also pay the royalty and other related fees described in Item 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen.
7. You must obtain and maintain at your own expense insurance policies with insurers reasonably satisfactory to us covering the items specified in the Procedures, including comprehensive general liability, automobile liability and products liability policies. If you do not provide proof of insurance to us as required under the Franchise Agreement, we may secure insurance for you and charge the cost to you. The amount in the table represents our best estimate of the premiums required for liability, casualty and worker's compensation insurance during a School's first year of operation.
8. We do not offer, directly or indirectly, any financing arrangements for your initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must develop the Franchised School premises and acquire fixtures and equipment and all necessary signs for the Franchised School according to standards and specifications we establish and as contained in the Franchise Agreement and our materials, which sets forth certain uniform procedures for the operation of the School and standards and specifications for the appearance, displays, staffing and operation of the School (the "Procedures"). We may modify the standards and specifications occasionally. We will promptly notify you of any modifications. We formulate and modify these specifications and standards based on research, experience and our general business plan.

Additionally, you must purchase uniforms, weapons, belts, patches, textbooks, signage, handbooks, computer software and inventory that meet the appearance standards and other specifications we set and from suppliers we approve. We do not currently require you to purchase any computer hardware or software. The specifications that we may use to approve an alternative product or supplier include standards for (1) appearance of the School, (2) quality in the brands and models or styles of uniforms, patches, weapons and other products to be sold and (3) capacity to supply your needs in the quantities and at the times and with the reliability required for an efficient operation.

The purpose of this requirement is to establish quality control standards for the items used in the operation of the Franchised School and to protect, maintain and promote the product consistency, reputation, goodwill and public acceptance of our trademarks, products and services.

Please also see Item 11 regarding computer hardware and software purchases.

We require that every student at your School be a member of our affiliate, The World Kuk Sool Association, Inc., by paying a membership fee to us. The World Kuk Sool Association, Inc. is the sole supplier of such memberships. The membership fee is collected from your students and paid by you to us. In the year ending December 31, 2022, our revenue from membership fees was \$25,535.00. This represents 32.4% of our total revenue of \$78,905.62.

Our affiliate, Gaya Won, LLC is the sole approved supplier of uniforms, weapons, belts, patches, textbooks, handbooks and tournaments in the United States. In the year ending December 31, 2022, this affiliate's revenues from the sale of these items to franchisees was \$231,266.5. In the year ending December 31, 2022, this affiliate's total revenues from the sale of these items was \$451,324.09. The source of this information is the December 31, 2022 unaudited financial statements of Gaya Won, LLC. The sole member/owner of Gaya Won, LLC is Samonim Suk Hui Suh, who has been the sole owner since its formation on June 15, 2007.

Our parent, The World Kuk Sool Association, Inc is the sole manager and administrator of black belt testing to your students. Our affiliate, Gaya Won, LLC is the sole manager and administrator of tournaments and seminars for your students. Payments for black belt testing and participation in tournaments and seminars will be paid directly by your students to The World Kuk Sool Association, Inc. or Gaya Won, LLC (as applicable). You will have no obligation to make payments to The World Kuk Sool Association, Inc. or Gaya Won, LLC on your student's behalf.

We provide no material benefits to franchisees based on their use of supplies or sources we approve. No officer of ours owns an interest in any approved supplier, with the exception of those listed in Item 2 that own an interest in us.

None of our officers currently owns an interest in any approved or designated suppliers, except for any interests held in our affiliates and Samonim Suk Hui Suh's interest in Gaya Won, LLC as described below.

If you desire to purchase items from suppliers other than those we have previously approved, you first must send us a written request and provide us with enough information to permit us to evaluate the supplier and the goods they intend to supply. Depending upon the nature of the goods, we will review each request promptly, but response time may vary. Although the Franchise Agreement

does not require us to respond within a designated time period, we expect to do so within 30 days after we receive your request and the information described above. We may withhold our approval of the goods or supplier for any reason, but will usually be based on the supplier's financial records, business reputation, delivery performance, credit rating and other information. We also reserve the right to revoke any approval upon the failure of the supplier to meet any of our then current criteria.

When considering your request to purchase items from suppliers other than those we have previously approved, we will consider various factors, including, for example, whether the supplier (i) can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specification for such items; (ii) possess adequate quality controls and capacity to supply the needs of you or other of our franchisees promptly and reliably; and (iii) would enable the System, in our sole discretion, to take advantage of marketplace efficiencies. Following our approval of a supplier, we may revoke approval on the supplier's failure to meet any of our then-current criteria. On receipt of written notice of revocation, you must cease to sell or use any item from a disapproved supplier and/or cease to purchase products from the supplier.

We may designate, at any time and for any reason, a single supplier for any products and require you to purchase exclusively from that designated supplier, which exclusive designated supplier may be us or an affiliate.

We and our affiliates reserve the right to receive payments from suppliers or vendors on account of their dealings with you and other franchisees and to use the amounts we receive without restriction for any purpose we deem appropriate. We may negotiate purchase arrangements with suppliers for the benefit of franchisees which often include volume discounts. Some suppliers may pay us or our affiliates fees for products purchased through these negotiated agreements and willingness to pay us or our affiliates fees may be a condition to our approval of a supplier. Currently, we have no purchasing or distribution cooperatives for any of the items described in this Item.

You must also obtain and maintain at your own expense insurance policies with insurers reasonably satisfactory to us as follows:

- (a) comprehensive general liability insurance covering bodily injury and property damage, including premises/operations, independent contractors, products/completed operations, personal injury, broad form property damage, and blanket contractual liability with a limit of not less than One Million Dollars (\$1,000,000.00) combined single limit;
- (b) automobile liability insurance covering all employees with authority to operate a motor vehicle used in the operation of the School with a limit of not less than One Million Dollars (\$1,000,000.00) combined single limit. For purposes of this requirement a motor vehicle owned and used by an employee to travel to and from the School shall not be considered a motor vehicle used in the operation of the School so long as the motor vehicle is not used for any other purpose relating to the School;
- (c) Product liability insurance covering all alleged defects in or unsuitability for their intended purpose of all products supplied to any third party at or from any such premises with a limit of not less than One Million Dollars (\$1,000,000.00) combined single limit; and

- (d) Any other policy of insurance required by law.

If you do not provide proof of insurance to us as required under the Franchise Agreement, we may secure insurance for you and charge the cost to you.

If you decide to lease the facility at which a Franchised School operates, you must include in the lease specific provisions relating to notice of default and transfer in accordance with Section 1.6 of the Franchise Agreement, but we make no representations as to the legal validity of any of these provisions. Before you begin any remodeling of the Franchised School premises, you must establish to our reasonable satisfaction that the above provisions are contained in any lease, and you must deliver to us a definitive copy of the lease, which will require our approval.

For the fiscal year ended December 31, 2022, we had system-wide revenues of \$78,905.62. Of this amount, \$25,535.00 or 32.4% represented revenues from required purchases or leases from our franchisees or their students.

We estimate that the purchases described above will equal approximately 70% to 85% of the total cost to establish your School, and approximately 50% to 60% of your ongoing operating expenses.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principle obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in the agreement and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/ lease	1.6, 4.1	Items 7, 11
b. Pre-opening purchases/leases	4.3(a), (b), (d), (f)	Items 7, 8, 11
c. Site development and other pre-opening requirements	4.1, 4.3(a), (b), (e), (f)	Items 6, 7, 8, 11
d. Initial and ongoing training	4.3(g), 4.16	Items 7, 11
e. Opening	7.1(g)	Item 17
f. Fees	2.1, 2.2, 2.3	Item 5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	4.3, 4.4, 4.6	Items 11, 16
h. Trademarks and proprietary information	Article VI	Items 13, 14
i. Restrictions on products/services offered	4.3 (c)-(f)	Items 8, 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	1.7	Item 12
l. Ongoing product/service purchase	4.3(d)-(f)	Item 8, 16
m. Maintenance, appearance and remodeling requirements	4.3(a)-(b), 4.8	Items 8, 11, 13
n. Insurance	4.18	Item 7

Obligation	Section in Franchise Agreement	Item in Disclosure Document
o. Advertising	2.3(a), 4.13	Item 6, 7 ,11
p. Indemnification	5.2	Item 6
q. Owner's participation/ management/ staffing	4.2	Item 15
r. Records and reports	4.10	Item 8
s. Inspections and audits	4.3(b), 4.3(h)	Items 6
t. Transfer	Article VIII	Item 17
u. Renewal	1.3-1.5	Item 17
v. Post-termination obligations	7.4, 9.3	Item 17
w. Non-competition covenants	9.3	Item 17
x. Dispute resolution	Article X	Item 17
y. Right of first refusal	8.3	Item 17

ITEM 10 FINANCING

We do not offer you any direct or indirect financing. We do not guarantee your note, lease or any other financial obligation.

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

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

Pre-Opening Obligations:

Before you open the Franchised School, we will:

- (1) Loan you a copy of our Procedures (which totals 42 pages excluding exhibits) (Franchise Agreement, Section 3.1(a)). The table of contents of the Procedures is attached as **Exhibit E**. We reserve the right to change or modify the Procedures (Franchise Agreement, Section 4.4). The Procedures will also contain the appearance standards for a School. These written specifications may not address any unique or special characteristics of your space. Also it is your responsibility to determine that our specifications are in compliance with your lease and local laws and ordinances.
- (2) Provide you base art for standardized business forms, including stationary, business cards and customer invoices (Franchise Agreement, Section 3.1(d)).

Post-Opening Obligations:

After you open the Franchised School, we will provide the following services and assistance to you:

- (1) Provide computer-based management and accounting software as we in our sole discretion, may provide (Franchise Agreement, Section 3.1(f)).
- (2) Provide one visit to your School at a time we determine to discuss any operational issues (Franchise Agreement, Section 3.1(b)).
- (3) Provide staff accessible to you, to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication (Franchise Agreement, Section 3.1(g)).
- (4) We hold once a year a Continuing Education Program (“CEP”) that occurs once per year at a location Franchisor designates that you must attend. The tuition for any CEP shall be set by us and in the event you or your Designated Instructor (if Franchisee is entity) do not attend the CEP, you must pay a fee to us equal to the then current CEP Tuition. You will have to pay your own travel and lodging expenses (Franchise Agreement, Section 4.16).
- (5) We may provide you prototype formats for advertising. Actual advertising material that you develop for your own use is done at your own cost and subject to our approval. We must approve the advertising materials in advance and in writing (Franchise Agreement, Section 4.13).
- (6) Loan you additions and supplements to the Procedures as they become available (Franchise Agreement, Section 4.3(d)).

Site Selection

Site selection is your responsibility and each franchise granted is location specific. We must approve your site location. You must submit the street location of your site in writing. We must approve the site in writing. We will notify you of our approval or disapproval of the site (Franchise Agreement, Section 4.1). If you and we cannot agree on a site, we may terminate your Franchise Agreement, and you may be liable for any damages which we incur as a result. Our approval of any site does not constitute any representation, warranty or guarantee that the site will be a successful location for your Franchised School. You must open the Franchised School no later than 60 days from the effective date of the Franchise Agreement.

Typically 30 to 60 days elapse from the time you receive site approval to the date a Franchised School opens for business. The factors affecting this length of time are expected to include financing and lease arrangements, construction time for the building and related improvements, local ordinance compliance and delivery and installation of furniture, fixtures, equipment and signs.

Training Program

We do not currently have a mandatory initial training program. On your request for training, we may designate a School in which you may observe the operation of the School. This observation

will be at Schools we designate and will be at times mutually convenient to you and the designated School's owner. During the preceding twelve months, zero percent (0%) of new franchisees enrolled in the initial training program.

You and your Designated Instructor (if you are an entity) must attend our Continuing Education Program ("CEP") that takes place once per year usually over a 2 to 3 day period at a location we designate. We currently charge tuition of \$150 for each CEP participant (the "CEP Tuition"), but we reserve the right to increase the CEP Tuition in our sole and absolute discretion. In the event you or your Designated Instructor (if you are an entity) do not attend the CEP, you must pay a fee to us equal to the then current CEP Tuition which is payable prior to the deadline to sign up for the applicable CEP.

In addition to the CEP, we may offer other training seminars or workshops that you, your Designated Instructor (if you are an entity) and all of your instructors may attend. Except for the CEP we currently do not charge a fee or tuition for any other training programs or workshops, but we reserve the right to do so in the future in our sole and absolute discretion. If we elect to charge a fee or tuition for any training programs, you must pay the tuition or fees timely and in accordance with all of our requirements. You must pay for your or your representative's travel expenses and room, board and wages during training.

The content, frequency and duration of the CEP and all other training seminars and workshops may be modified by us in our discretion. Our training seminars are overseen by Grandmaster In Hyuk Suh, Master Sung Jin Suh, Master Alex Suh and Master Barry Harmon. Grandmaster Suh has been teaching martial arts since 1958 and has been our President and Grandmaster since August 2007. Master Sung Jin Suh is a Certified 9th Degree Black Belt and has been teaching seminars since 1991. He has been our Vice President since August 2007. Master Alex Suh is a Certified 8th Degree Black Belt and has been teaching seminars since 1986. He has been our Treasurer since August 2007. Master Barry Harmon is a Certified 9th Degree Black Belt and has been an official Kuk Sool Won instructor since 1975.

We may periodically make other mandatory or optional training available to your employees as well as other programs seminars and materials, and you will ensure that all employees, as we direct, satisfactorily complete any required training within the time specified.

Advertising

You must participate in all advertising, promotional, or marketing activities, services, and other promotions that we originate. You may develop advertising materials for your own use, at your cost and according to our standards and requirements; however, we reserve the right to approve all signs, memos, clothing, stationery, business cards, advertising material forms and all other objects and supplies bearing our Trademarks. All advertising, publicity, point of sale materials, clothing, signs, decorations, furnishings, equipment, or other materials employing the words "World Kuk Sool" or the Trademarks are subject to our approval before use. If we approve items that you create that employ the Trademarks or "World Kuk Sool", we will own the design and have the right to allow others to use the items on whatever terms we deem appropriate in our sole discretion. You must sign all documents we request to confirm our ownership of the items.

We do not currently have an advertising council composed of franchisees.

Area Cooperatives

We do not currently have or plan to establish any area cooperatives for advertising purposes.

Advertising Fund

We do not currently have an advertising fund. We may establish and administer a fund for advertising as we deem appropriate in our sole discretion (the “Advertising Fund”). If we establish an Advertising Fund, the Advertising Fund will be used to promote the System or the Trademarks. If we establish an Advertising Fund, your required contribution will not exceed 1% of your Gross Sales. If we establish an Advertising Fund at any time in the future, we will provide you with at least 60 days prior written notice, which notice will describe in reasonable detail the amount of your contribution to the Advertising Fund as well as the date that the payments are due. We have no obligation to have the Advertising Fund audited. We will have the discretion to determine how to spend these funds and we are entitled to reimbursement for expenses incurred on behalf of the Advertising Fund. We will have no obligation to use any funds from the Advertising Fund in your Territory. If we establish an Advertising Fund, you may obtain an accounting of the Advertising Fund on written request.

Our Website

We may establish a Website to promote the Trademarks, the Schools, the franchising of the Schools and/or the System. If we establish the Website, we will have control over the Website’s design and contents. We will have no obligation to maintain the Website indefinitely, and may dismantle it at any time.

We may structure the Website so that it includes a series of interior pages that identify participating Schools and designate one or more web page(s) to describe you and/or the Schools, with such web page(s) to be located within our Website. You must comply with our policies with respect to the creation, maintenance and content of any such web pages. We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

We may use part of any Advertising Fund contributions (as described above) to maintain and further develop the Website.

You will have no right, license or authority to use any of the Trademarks on or in connection with a website, except as we provide in the Franchise Agreement. (Franchise Agreement, Section 4.17(f)). You may not establish a separate website without our prior written approval, which we may revoke at any time.

Intranet

We may establish and maintain an intranet facility through which members of the entire chain of Schools, including franchised, licensed and company or affiliate operated, may communicate with

each other and through which we may disseminate updates to the Procedures and other confidential information (the “Intranet”). We will have no obligation to maintain the Intranet indefinitely. We may establish policies and procedures for the Intranet’s use. The Intranet may include, for example, the Procedures, training or other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). Any information that you post on the Intranet will be accessible by us, as well as other users of the Intranet. You must purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet. We estimate that you will spend \$500 - \$1,000 to purchase the software and hardware to connect and utilize the Intranet.

Computer Hardware and Software

We may provide you with proprietary management and accounting software (Franchise Agreement, Section 3.1(f)). You must exclusively use and obtain the necessary licenses to use this proprietary management and accounting software as we may require.

We have the right to specify or require that certain brands, types, makes and/or models of communications, computer systems and hardware be used by, between, or among Schools, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval and transmission systems for use at the Schools, (b) printers and other peripheral devices; (c) archival back-up systems; and (d) internet access mode and speed (collectively the “Computer System”).

We also have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you must install; (b) updates, supplements, modifications or enhancements to the Required Software, which you must install; (c) the tangible media on which you must record data; and (d) the database file structure of your Computer System.

You must make, occasionally, upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively “Computer Upgrades”). There are no contractual limitations on the number or frequency of these upgrades.

You must comply with all specifications we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You must also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form and at the times we request. Through such access we may have independent access to your information generated and stored on the Computer Systems.

You must abide by all applicable laws pertaining to privacy of information collected or maintained regarding employees, Students or other individuals (“Privacy”), and must comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you must: (a) comply with the requirements of applicable law; (b) immediately give us written notice of the conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

You must comply with our requirements (as described in the Procedures or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined above), if any, and/or any other computer systems as we may reasonably require.

You must acquire and maintain the hardware and internet connections that are capable of operating the software in accordance with our requirements. (Franchise Agreement, Section 4.17(e)).

Currently there are no Computer Programs, Computer Systems, Required Software or Computer Upgrades that you must use or purchase.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the Franchise Agreement you are granted the right to operate one School, at the address specified in the Franchise Agreement or at a site we approve. (Franchise Agreement, Section 4.1). The Franchise Agreement does not grant to you any options, rights to acquire additional franchises or to operate additional schools. Your use of the Trademarks or any element of the System in the operation of a school at any other address or in any other channel of distribution without our express prior written authorization will constitute willful infringement of our rights in the Trademarks and the System. Except as described below, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you, your affiliates and Owners are in full compliance with the Franchise Agreement and all other agreements between you, your affiliates and Owners and us, we will not operate or authorize anyone except you to begin operation of a School from a physical location in the Territory, except as discussed below. The scope and limitations on the exclusive nature of your Territory will depend on whether you operate a FT Franchised School, PT Franchised School, Club Franchised School or Transient School. You must receive our permission before relocating your School. You may accept students from within another franchisee's Territory just as they may accept students from your Territory. You cannot directly solicit students located outside your Territory. We are not restricted from soliciting or accepting students inside your Territory and provide no compensation to you for doing so.

If you operate a FT Franchised School or PT Franchised School, we will not permit another FT Franchised School or PT Franchised School to be located within the boundaries of the Territory except, we may permit one or more PT Franchised Schools or Pre-Existing Schools to be operated in the Territory. Your Territory will be described in an Exhibit to your Franchise Agreement and we will determine the Territory in our sole discretion. In determining your Territory we will take many factors into consideration such as whether your School is in a rural or urban area, population,

traffic patterns, topography, natural barriers, the territories of other Schools and any other factors we deem relevant.

The term “Pre-Existing School” means a School that was in existence as of January 1, 2009 and as of the Effective Date of your Franchise Agreement. The Pre-Existing Schools will also be identified in your Franchise Agreement.

If you operate a PT Franchised School that has been designated a Club Franchised School or you operate a Transient School, your right to operate the Club Franchised School or Transient School will be limited to the member only facility or transient facility described in the applicable Addenda (the “Tied Facility”) and you will have exclusive right to operate a Club Franchised School at the Tied Facility. For example, if a Club Franchised School is located (tied) to a YMCA, you may operate the School only from the specified YMCA facility. If the Tied Facility relocates or you move to another location, you must receive our permission before relocating your School with the Tied Facility.

Although we have not done so, we and our affiliates may sell products under the Trademarks within and outside your Territory through any method of distribution other than a dedicated School, including, sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales. You may not use other channels of distribution including, but not limited to, the Internet, catalog sales, telemarketing or other direct marketing sales to make sales outside or inside your Territory and you will receive no compensation for our sales through alternative distribution channels.

We and our affiliates can use alternative channels of distribution to make sales within your Territory of products or services under trademarks different from the Trademarks you will use under the Franchise Agreement but we and our affiliates have not yet made any sales of this type.

We and our affiliates have not established and currently do not intend to establish any other franchises or company-owned outlets offering similar services or goods under a different trademark anywhere in the United States, but we reserve the right to do so.

We have no express obligation or implied duty to protect your revenues from erosion as a result of the Franchised School’s competing with other Schools, either permanently, temporarily or seasonally.

You may not relocate your School without our prior written consent.

Your rights with respect to the Territory are not dependent on your achieving a certain sales volume, market penetration or other contingency.

ITEM 13 TRADEMARKS

Our affiliate/parent, World Kuk Sool Association, Inc., has registered the following principal trademark on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

TRADEMARK	REGISTRATION DATE	REGISTRATION NUMBER
	April 12, 1983	1,234,948
	June 3, 2008	3,439,333
WKSA	October 7, 2008	3,511,583
Kuk Sool Won	June 8, 2021	637,643

World Kuk Sool Association, Inc. has filed all required affidavits and renewals for the above principal trademark’s registrations.

We know of no infringing uses of our Trademarks that could materially affect their use.

You must notify us of any infringements or challenges to our Trademarks that come to your attention and actively cooperate with us in the investigation of any infringement or challenge. We will take whatever action we deem appropriate. We will have the exclusive right to control any proceeding or litigation involving the Trademarks. We are not contractually obligated to defend our Trademarks. However, we intend to defend them vigorously.

You may not use the Trademarks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Trademarks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of the Trademarks, or of our rights in the Trademarks.

You will have no right to use any of our Trademarks on or in connection with the Internet without our prior written approval.

In February 2008, we entered into an agreement with World Kuk Sool Association, Inc. (the “License Agreement”) in which World Kuk Sool Association, Inc. granted to us a non-exclusive, royalty-free license to use and to license authorized franchisees to use the principal trademark described above. The License Agreement does not contain a stated period of duration and may be terminated by either party at any time and without cause. On termination of the License Agreement, to the extent that we have franchise agreements then in force, World Kuk Sool Association, Inc. will assume all of our obligations under such franchise agreements.

On expiration or termination of your Franchise Agreement for any reason, you must immediately discontinue the use of all the Trademarks. You must also take appropriate action to remove the Trademarks from the premises in which your School is located.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings involving the Trademarks.

If we modify or discontinue use of the Trademarks, you must promptly comply with and adopt, at your own expense, all such modifications.

You must not directly through your own actions or indirectly through any other entity or person contest our right to our Trademarks, whether federally registered or not. You must not oppose, nor cause any other entity or person to oppose any of our federally pending trademark applications. You must not petition to cancel or cause any other entity or person to petition to cancel any of our future registered trademarks. You must not directly through your own actions or indirectly through any other entity or person contest our right to our trade secrets or business techniques that are part of the business.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any rights in or licenses to any patents or copyrights that are material to the franchise. However, we claim copyright protection to our Procedures and the information contained in it is proprietary.

The System and the components of the System, the contents of the Procedures and of all employee training materials and computer programs developed by us or in accordance with our standards and any other confidential information that we impart to you with respect to a School's operation or management, whether through the Procedures or otherwise (collectively, "Trade Secrets") belong exclusively to us and the ideas and information in the Procedures are our sole and exclusive property.

You and your Owners must hold the elements of the System, the Trade Secrets and the contents of the Procedures in strict confidence, must not disclose any Trade Secret or any operating or management procedure to any person other than your Designated Instructor and your employees that must receive disclosure to understand their job duties, and must instruct and routinely remind your employees that the System, the Trade Secrets and the contents of the Procedures are confidential and may not be disclosed or appropriated. If you are a business entity, you must not disclose any element of the System, any of the Trade Secrets or the contents of the Procedures, or make the Procedures available, to any shareholder, director, officer, partner, member or manager of the business entity other than its Designated Instructor and other senior executive officers, if any, who are actively and regularly involved in the Franchised School's management.

You and your Owners must not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures in the Procedures in connection with the operation of any establishment or enterprise other than the Franchised School, and must promptly

discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures in the Procedures upon the expiration or termination of your Franchise Agreement.

You and your Owners must not, without our prior written consent, copy or permit any person to copy or reproduce any part of the Procedures or any other printed, graphic or audio/visual item designated by us as containing the Trade Secrets or otherwise permit their use or inspection by any person other than you, the Designated Instructor, employees who need the disclosures in order to perform their job duties, and our authorized representatives.

All employee training materials (including video cassettes and CD-ROM disks) and all computer programs developed by us or by following our standards contain information, embody procedures or facilitate business practices that are proprietary to us and fall within the parameters of our Trade Secrets.

You and certain of your Owners and employees are bound by non-compete covenants (See Item 17) concerning the proprietary information and may be required to enter into confidentiality agreements (See Item 15).

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Our concept of franchising and the success of our network of Schools are based on a strong personal identification between you and your students. For this reason, you must meet rigid guidelines with respect to training to keep your ranking as at least a candidate for a Second Degree Black Belt, as well as participate personally in the direct “on-premises” management of the School. You must devote full time to the day-to-day operation of the School with no operational or management commitment in any other business (except other Schools). If you are a corporation, limited partnership, limited liability company or other entity, the owner of a majority of the entity’s equity must meet the foregoing requirements.

If you are an entity, those of your owners whom we require must personally guarantee your obligations under the Franchise Agreement and must agree to be personally bound by certain provisions of the Franchise Agreement, including the non-competition and dispute resolution provisions of the Franchise Agreement and certain limitations on transfer. In addition, certain of your owners, officers, employees and managers must sign a confidentiality and non-competition agreement, in the form attached to the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must open the Franchised School during the business hours and days of operation provided in the Procedures, unless we provide you a written exception. You must offer to your customers all of the services and products we specify, which we may revise occasionally. You cannot offer any services or products that we have not authorized. We have the right to change the products and services without limitation, and you must promptly comply with the new requirements.

You may not actively solicit students located outside your Territory, but you may accept students from outside your Territory. There are no other restrictions on the customers to whom you may sell.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 1.2	5 years.
b. Renewal or extension of the term	Section 1.3	5 years.
c. Requirements for you to renew or extend	Section 1.3	You must not be in default, give notice, pay a renewal fee, remodel your School (if necessary) and sign our then-current form of franchise agreement (which may contain materially different terms and conditions as the original agreement), comply with our then-current qualification and training requirements, satisfactorily complete a criminal background check and sign a general release, if we require.
d. Termination by you	Not Applicable	The Franchise Agreement does not contain a provision that gives you the express right to terminate.
e. Termination by us without cause	Not Applicable	Not Applicable.
f. Termination by us with cause	Article 7	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Sections 7.1 and 7.2	You will have at least 10 days to cure the following defaults: (a) failure to make timely payment of fees; (b) you or Designated Instructor are no longer a candidate for a Second Degree Black Belt, loss by you or Designated Instructor of Second Degree Black Belt ranking, if obtained, or if you or Designated Instructor are no longer involved in the operation of the School and fail to appoint a successor; (c) breach of Procedures or other agreement between you and us or you and

Provision	Section in Franchise Agreement	Summary
		our affiliates; (d) engage in conduct or practice that is harmful to our reputation; (e) failure to participate in advertising programs; (f) failure to open the School within 60 days of the effective date of your franchise agreement; (g) loss of lease or right to do business where the School is located; (h) improper transfer; (i) maintain false records or submit false reports; or (j) violate confidentiality covenants of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section 7.3	Such defaults include: (a) being charged, convicted or pleading nolo contendere to a felony or other crimes; (b) abandonment; (c) appointment of a receiver of you or your Designated Instructor; (d) unapproved transfers; (e) uncured default under any lease; (f) allow 2 events of default to occur during the term of the Franchise Agreement; (g) improper use of Trademark; (h) underreport sales; (i) and violation of covenant not to compete.
i. Your obligations on termination/non-renewal	Section 7.4	Such obligations include discontinuance of use of trademarks, copyrighted materials, the System and Trade Secrets, return Procedures, and removal of all signs.
j. Assignment of contract by us	Sections 8.5 and 12.3	No restriction on our right to transfer.
k. "Transfer" by you - Definition	Section 8.1	Includes transfer of contract or assets or any ownership change.
l. Our approval of transfer by you	Section 8.1	Transfer requires our prior written consent.
m. Conditions for our approval of transfer	Section 8.2	Conditions include: you are not in default; new transferee and principals, if applicable, qualify to own a new School; asset transfer is complete disposition of franchise, including other Franchised Schools, if applicable; Procedures and copyrighted materials are returned; sign general release; transferee satisfactorily completes training and meets all other requirements of WKSA; signs then-current form of franchise agreement; transfer fee is paid; and transferee or transferee's principals sign guarantees.
n. Our right of first refusal to acquire your business	Section 8.3	We have the option to purchase on same terms and conditions offered to third party.
o. Our option to purchase your business	Not Applicable	Not Applicable.
p. Your death or disability	Section 8.4	Considered an assignment and all conditions to transfer (excluding payment of transfer fee) must be satisfied.
q. Non-competition covenants during the term of the franchise	Section 9.3	Covenants include: no involvement in competing business anywhere in the United States and non-solicitation.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.3	For a period of 2 years, no competing business anywhere in the United States; no competing business within 25 miles of any School; non-solicitation of employees.
s. Modification of the agreement	Section 12.17	No changes unless mutually agreed to in writing.

Provision	Section in Franchise Agreement	Summary
t. Integration/ merger clause	Section 12.17	Only written terms of the Franchise Agreement and of any signed addendums or amendments are binding (subject to state law). Any representation or promises outside the disclosure documents or the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 10	All disputes must be arbitrated in Houston, Texas (subject to state law).
v. Choice of forum	Section 10.3	Harris County, Texas (subject to state law).
w. Choice of law	Section 12.7	Texas law (subject to state law).

A provision in the Agreements which states that the agreement terminates on your bankruptcy may not be enforceable under Title 11, USC Section 101.

State Addenda. See **Exhibit I** to this disclosure document for state specific addenda to this disclosure document for the states of California, Maryland, Michigan, and North Dakota.

ITEM 18 PUBLIC FIGURES

We currently do not use any public figures 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 that you are considering buying; or (2) a franchisor supplements the information provided in Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Master Alex Suh at 37937 FM 1774 Road, Magnolia, Texas 77355 and (832) 934-1400, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	104	100	-4
	2021	100	95	-5
	2022	95	91	-4
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	104	100	-4
	2021	100	95	-5
	2022	95	91	-4

TABLE NO.2
TRANSFERS OF OUTLETS FROM FRANCHISEES
TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2020 TO 2022

State	Year	Number of Transfers
Arkansas	2020	1
	2021	0
	2022	0
California	2020	0
	2021	2
	2022	0
Illinois	2020	0
	2021	0
	2022	2
Michigan	2020	1
	2021	0
	2022	0
New York	2020	1
	2021	0
	2022	0
Oklahoma	2020	0
	2021	0
	2022	1
Totals	2020	3
	2021	2
	2022	3

TABLE NO. 3
FRANCHISED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2020 TO 2022

STATE	YEAR	OUTLETS OPERATING AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	OUTLETS CEASED OPERATIONS – OTHER REASONS	OUTLETS OPERATING AT END OF YEAR
Arkansas	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Arizona	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	2020	23	0	0	0	0	0	23
	2021	23	0	0	0	0		23
	2022	23	0	1	0	0	0	22
Colorado	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Delaware	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
District of Columbia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	9	0	0	0	0	0	9
	2021	9	0	0	1	0	0	8
	2022	8	0	0	0	0	0	8
Indiana	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Louisiana	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Massachu- setts	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
Michigan	2020	4	0	0	0	0	0	4
	2021	4	0	0	1	0	0	3
	2022	3	0	0	0	0	1	2
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
Missouri	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New York	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4

STATE	YEAR	OUTLETS OPERATING AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	OUTLETS CEASED OPERATIONS – OTHER REASONS	OUTLETS OPERATING AT END OF YEAR
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Oklahoma	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
South Carolina	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	0	5
Texas	2020	20	0	0	0	0	0	20
	2021	20	0	0	1	0	0	19
	2022	19	0	1	0	0	0	18
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	104	1	1	0	0	4	100
	2021	100	0	1	2	0	2	95
	2022	95	0	3	0	0	1	91

TABLE NO. 4
COMPANY-OWNED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2020 TO 2022

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS
AS OF JANUARY 1, 2023

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR
Totals	0	0	0

A list of the names, addresses and telephone numbers of all franchisees is attached as **Exhibit G** to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is listed on **Exhibit H** to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

Purchase of Previously-Owned Franchise

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last three fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience.

Trademark-Specific Franchisee Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit F** are the audited balance sheet and related statements of income as of December 31, 2022, December 31, 2021 and December 31, 2020.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit C	Club Franchised School Addendum
Exhibit D	Transient School Addendum
Exhibit J	Release Agreement

ITEM 23
RECEIPTS

Attached as the last 2 pages of this Disclosure Document are 2 Receipts. When you receive this Disclosure Document, you must sign both Receipts and return 1 to us, retaining the other for your records.

EXHIBIT A

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

SEE ATTACHED

STATE ADMINISTRATORS

CALIFORNIA

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677 or (213) 576-7500
Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Securities Commissioner
Indiana Securities Division
302 W. Washington St., Room E 111
Indianapolis, Indiana 46204
(317) 232-6681

KENTUCKY

Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602
(502) 696-5300

MARYLAND

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

MICHIGAN

Michigan Department of Attorney General
670 G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEBRASKA

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509
(402) 471-3445

NEW YORK

NY State Department of Law
Investor Protection Bureau
28 Liberty St, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Ave., Fifth Floor, Dept. 414
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Dept of Insurance and Finance
Corporate Securities Section
Labor and Industries Building, Room 21
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Division of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 222-3048

SOUTH DAKOTA

Department of Revenue and Regulation
Division of Securities
445 East Capitol
Pierre, South Dakota 57501
(605) 773-4823

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

UTAH

Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114 6704
(801) 530-6601

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN

Division of Securities
Department of Financial Institutions
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-8559

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registrations Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 W. Washington Street
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Department of Commerce
Corporations & Securities Bureau
670 G. Mennen Williams Bldg
525 W. Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

NEW YORK

Secretary of State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Director, Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Division of Securities
445 East Capitol Ave.
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON

Director, Department of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Fourth Floor
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT B

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SEE ATTACHED

**WKSA, LLC
FRANCHISE AGREEMENT**

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STATE AMENDMENTS

WKSA, LLC
FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made this _____ day of _____, 20____ (the "Effective Date") between WKSA, LLC, a Texas limited liability company, with principal executive offices located at 37937 FM 1774 Road, Magnolia, Texas 77355, which will be called the "Franchisor" throughout this Agreement, and _____, a _____, with its principal address at _____, who will be called the "Franchisee" throughout this Agreement. Franchisee and Franchisor shall be called the "Parties."

RECITALS

WHEREAS, the Franchisor is the owner and developer of a unique and exclusive method for teaching a form of martial arts and operating martial arts schools that are operated under the certain trademarks, service marks, logos and other commercial symbols, including, without limitation, "Kuk Sool Won" (collectively the "Trademarks") and pursuant to certain confidential information and trade secrets, all of which are owned by the Franchisor. Such schools are operated with uniform teaching and testing methods, format, design, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by the Franchisor (collectively the "System"); and

WHEREAS, Franchisee would like to use the Franchisor's System and Trademarks in connection with the operation of a martial arts school in the Territory (as defined herein) by purchasing from Franchisor a Kuk Sool Won franchise (the "Franchise"); and

WHEREAS, Franchisor agrees to sell Franchisee a Franchise under the terms and conditions which are contained in this Agreement and Franchisee agrees to purchase and operate this Franchise in the Territory under the terms and conditions of this Agreement; and

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants hereinafter made, Franchisor and Franchisee do hereby agree as follows:

ARTICLE I
GRANT OF FRANCHISE

1.1 Grant of Franchise. When the Franchisor and the Franchisee execute this Agreement, the Franchisor grants to the Franchisee, and the Franchisee accepts from the Franchisor, the right to use the System and Trademarks only in connection with the operation of a Kuk Sool Won school (the "School") located at _____ (the "Licensed Location"). The School shall be a Part-Time Franchised School unless designated as a Full-Time Franchised School, a Club Franchised School or a Transient School which designation is set forth by the Franchisor on the signature pages to this Agreement. The School must be a premises that is rented or owned by the Franchisee for the use and purpose of teaching the Kuk Sool Won form of martial arts and in the case of a Full-Time Franchised School, shall be exclusively used for such purposes. For purposes of this Agreement the term "Territory" shall mean in the case of a Full-Time or Part-Time Franchised School the area that is set forth on **Exhibit A-1** and in the case of a Club Franchised School or Transient School as set forth in the Club Franchised School Addendum or Transient School Addendum which shall be deemed incorporated into this Agreement. The Franchisee's use of the System and the Trademarks may be made only in accordance with the terms and conditions of the written policies and procedures set forth by the Franchisor from time to time in written manuals, directives or memos (collectively the

“Procedures”) and this Agreement. Except as expressly limited by **Section 1.7**, Franchisor and its affiliates retain all rights with respect to System and the Trademarks anywhere in the world including without limitation:

(a) to grant or license others the right to offer and sell goods and services through similar or dissimilar channels of distribution both within and outside the Territory under trade and service marks other than the Trademarks and under any terms and conditions Franchisor deems appropriate;

(b) to grant or license others the right to offer and sell goods and services through similar or dissimilar channels of distribution outside the Territory under the Trademarks and under any terms and conditions the Franchisor deems appropriate; and

(c) to grant or license others the right to offer and sell goods and services as a Part-Time Franchised School, Club Franchised School, Transient School or Pre-Existing School inside the Territory under the Trademarks and under any terms and conditions the Franchisor deems appropriate. For purposes of this Agreement the term “Pre-Existing School” shall mean any currently operating Kuk Sool Won school that was in existence on January 1, 2009 all of which are set forth on **Exhibit A-2**.

1.2 Term of the Franchise and this Agreement. The Franchise and this Agreement are for a period of five (5) years from the Effective Date (the “Initial Term”). The Franchise and this Agreement may be terminated before the expiration of the Initial Term in accordance with the provisions of **Article VII** of this Agreement. The expiration of the Initial Term or the earlier termination of this Agreement will automatically constitute a termination of the Franchise.

1.3 Renewal Terms. At the end of the Initial Term, Franchisee may renew this Agreement for additional terms of five (5) years which right to renew shall be subject to the following conditions precedent:

(a) This Agreement shall not have been terminated for any reason;

(b) The Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto or any other agreement between Franchisor, subsidiary or affiliated entity and Franchisee has substantially complied with all of the terms and conditions of such agreements during their terms;

(c) None of the circumstances set forth in **Section 1.5** have occurred;

(d) The Franchisee shall have served notice of its intention to exercise its right of renewal not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to the expiration of the Initial Term or any successor term;

(e) The Franchisee shall have effected all improvements to the School and its operations to conform with the then current Procedures, including design specifications of the Franchisor;

(f) The Franchisee has satisfied all monetary obligations due and owing to Franchisor or any affiliated entities of Franchisor and Franchisee has timely met these obligations throughout the term of this Agreement and any other agreement in effect and any renewals thereof;

(g) Franchisee shall execute, upon renewal, Franchisor's then-current form of Franchise Agreement provided however that the term provision of the then current franchise agreement shall, at the option of Franchisor, be amended to a term of three (3) years with additional five (5) year renewals and the Territory may be modified at the option of Franchisor as provided for in **Sections 1.4 and 1.9**. The Franchisee understands that the then-current form of Franchise Agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including, without limitation, modifications to the Annual Fee, Royalty and Advertising Fund contribution;

(h) Franchisee shall execute a general release, in a form prescribed by Franchisor on any and all claims against Franchisor, any subsidiary of Franchisor and/or affiliated entity of Franchisor, and their respective officers, partners, managers, directors, agents and employees;

(i) Franchisee shall comply with Franchisor's then-current qualification and training requirements;

(j) Franchisee shall have paid all Annual Fees and Royalties and shall remit to Franchisor the Renewal Fee;

(k) Franchisee is not in default of (i) any other obligation to Franchisor regardless of the source or nature of such obligation, or (ii) any account guaranteed by Franchisor; and

(l) The Franchisee must meet all eligibility requirements imposed on new franchisees including, but not limited to, satisfactory criminal background checks, as determined by the Franchisor in its sole discretion, and completion of renewal applications and forms required by the Franchisor.

1.4 Exercise of Renewal Option. The Franchisee may exercise its renewal option by giving notice of such exercise to the Franchisor not less than ninety (90) calendar days and not more than one hundred twenty (120) calendar days prior to the expiration of the Initial Term or any successive term (the "Renewal Notice"). Within sixty (60) days of the Renewal Notice the Franchisor shall notify the Franchisee if the Territory will be modified as set forth in **Section 1.9** (a "Territory Change Notice"). The Territory Change Notice shall set forth a description in reasonable detail of the new Territory that will be effective as of the renewal. If the Franchisor does not provide a Territory Change Notice within such sixty (60) days period, the Territory shall remain the same as set out in this Agreement. In the event Franchisee shall continue to operate the School following the expiration, termination or non-renewal of this Agreement for any reason, with the express or implied consent of Franchisor, such continuation shall be construed to be an extension of the term hereof only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions of this Agreement.

1.5 Conditions of Nonrenewal. The Franchisor shall not be obligated to renew this Agreement if any of the following have occurred during the term of this Agreement:

(a) The Franchisee shall have had one or more written notices of breach of this Agreement that the Franchisee did not cure said breach timely;

(b) The Franchisee is in default of any other obligation to Franchisor or any account guaranteed by Franchisor at the time the renewal option is exercised by the Franchisee;

(c) The Franchisor shall have issued more than one (1) written notice of breach of this Agreement to the Franchisee in accordance with **Article VII** regardless of whether such breach was timely cured; or

(d) The Franchisee has abandoned the School or the Franchisee ceases to operate and maintain the School in accordance with the terms of this Agreement or the Procedures.

Under any of the above circumstances, the Franchisor shall give notice of nonrenewal of the franchise sixty (60) days after the Franchisee gives notice of its intention to renew pursuant to **Section 1.4** of this Agreement.

1.6 Lease of School Premises. Franchisee shall lease or sublease, within sixty (60) days from the date of execution of this Agreement, the premises for its School. With respect to any lease or sublease for any School, the Franchisor shall have the right, in its sole discretion, to require:

(a) Franchisee to conditionally assign such lease or sublease to the Franchisor (with the consent of the lessor, if required) in a form reasonably acceptable to Franchisor in order to secure performance of any and all of Franchisee's liabilities and obligations to the Franchisor; or

(b) That such lease or sublease contain the following provisions:

i. The lessor shall agree that without its consent, the lease or sublease and the right, title and interest of the Franchisee thereunder may be assigned by Franchisee to Franchisor or its designee.

ii. The lessor shall agree to give written notice to Franchisor (concurrently with the giving of such notice to Franchisee) of any default by Franchisee under the lease or sublease and Franchisor shall have the right, in its sole discretion, to cure any such default.

In the event the Franchisor cures any default by Franchisee under any lease or sublease, the total amount of all costs and payments incurred by the Franchisor in effecting such cure shall be immediately due and owing by Franchisee to the Franchisor.

1.7 Location of Franchise/Exclusivity. The School shall be located at the Licensed Location and may not be relocated unless Franchisor, as determined in the Franchisor's sole discretion, approves the new location in writing ("Relocation Approval"). Without limiting the foregoing, the Franchisee may not relocate the School outside the Territory, nor may the School be relocated within the exclusive territory of another franchisee. During the term of this Agreement the Franchisee's right to operate the Franchise at the Licensed Location within the Territory shall be exclusive and Franchisor agrees not to permit another School to be located within the boundaries of the Territory. Notwithstanding the foregoing, the Franchisor may permit one or more Part-Time Franchised Schools, Club Franchised Schools, Transient School or Pre-Existing School to be operated in the Territory. If the Franchisor approves the relocation of the School from the Licensed Location the Franchisee's exclusive Territory shall be modified as set forth in the Relocation Approval.

1.8 Personal Guaranties. If Franchisee is an entity, the Designated Instructor (as defined herein) and all of the partners, shareholders, members or other owners (collectively an "Owner") of Franchisee owning at least twenty five percent (25%) of the equity shall execute a personal guaranty of all obligations of Franchisee to Franchisor in substantially the same form as **Exhibit B** (the "Guaranty"). If no Owner owns at least twenty five percent (25%) of the equity of Franchisee, all Owners of Franchisee shall execute a Guaranty.

1.9 Modification to Territory on Renewal. Without limiting any other rights of the Franchisor set forth herein, if the Franchisor determines in its reasonable business judgment that the population in the Territory can support one or more additional Kuk Sool Won schools, upon any renewal of this Agreement the Franchisor may decrease the Territory in accordance with **Section 1.4**.

ARTICLE II **FRANCHISE FEES**

2.1 Initial Franchise Fee. The Franchisee shall be required to pay an initial franchise fee as set forth on **Exhibit C** (the "Initial Franchise Fee"). This Initial Franchise Fee entitles the Franchisee to use the System and Trademarks and to avail itself of the services provided by the Franchisor as provided in **Article III**. The Initial Franchise Fee is due and payable on the execution of this Agreement and shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable.

2.2 Annual Fee and Royalty. In consideration of this Franchise granted hereby, the services to be provided by Franchisor hereunder, and for the use of the System and the Trademarks during the term hereof and any subsequent renewals, the Franchisee will be required to pay the Franchisor:

(a) an annual fee in accordance with **Exhibit C** (the "Annual Fee"). The Annual Fee is due and payable in accordance with **Section 2.5**; and

(b) a royalty fee equal to one percent (1%) of the Franchisee's Gross Sales (as hereinafter defined) generated by, from or through the School (the "Royalty"). The Royalty is due and payable in accordance with **Section 2.5**.

2.3 Additional Fees.

(a) Advertising Fund Contributions. Recognizing the value of national or regional advertising, the Franchisor may, in its discretion, establish an advertising fund for advertising as the Franchisor deems appropriate in its sole discretion (the "Advertising Fund"). The Advertising Fund shall not exceed one percent (1%) of Gross Sales and is due and payable in accordance with **Section 2.5**. The Advertising Fund shall be used to promote the System or the Trademarks. As of the Effective Date, the Franchisor has not established an Advertising Fund. If the Franchisor intends to establish an Advertising Fund at any time in the future, it shall provide the Franchisee at least sixty (60) days prior written notice which notice shall set forth in reasonable detail the amount of the Franchisee's contribution to the Advertising Fund as well as the date that such payments are due. The Franchisor has no obligation to have the Advertising Fund audited. The Franchisor shall have the discretion to determine how to spend these funds and is entitled to reimbursement for expenses incurred on behalf of the Advertising Fund. The Franchisor shall have no obligation to spend the Advertising Fund in the Territory;

(b) Additional Assistance. If the Franchisee requests additional consulting services from the Franchisor as to any aspect of the Franchise, pursuant to **Section 3.2**, the Franchisor may, if it elects to provide such consulting service, charge a fee of Two Hundred Fifty Dollars (\$250.00) per day plus travel costs for each of the consultants to travel to the Franchisee's location which shall be due and payable within ten (10) days after such services are provided;

(c) Transfer Fee. The Franchisee shall pay the Franchisor Five Hundred Dollars (\$500.00) per School (except in the case of a Transient School) plus a fee to reimburse the Franchisor for the cost to run a criminal background check on the proposed transferee (collectively the "Transfer Fee") upon transfer of this Agreement. With respect to the transfer of a Transient School the Transfer Fee shall be only the cost to run a criminal background check on the proposed transferee. The Transfer Fee shall be due and payable before a transfer of the Franchise is effective. Any transfer must be pursuant to the terms of this Agreement;

(d) Renewal Fee. The Franchisee shall pay the Franchisor any unpaid Annual Fee plus a fee to reimburse the Franchisor for the cost to run the criminal background check required in **Section 1.3(l)** (collectively the "Renewal Fee") on each renewal of this Agreement. The Renewal Fee shall be due and payable before a renewal of this Agreement is effective;

(e) Audit Reimbursement. The Franchisee shall pay the Franchisor the cost that the Franchisor incurred to conduct an audit of Franchisee (the "Audit Fee") if the audit determines that the Franchisee understated Gross Sales by more than two percent (2%) for the period audited. The Audit Fee shall be due and payable immediately upon demand from Franchisor. This remedy is in addition to Franchisor's other rights and remedies under this Agreement or applicable law; and

(f) Additional Payments. Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor, which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

2.4 Definition of Gross Sales. As used in this Agreement and Exhibits, the term "Gross Sales" includes all revenues, fees, testing fees, membership fees, rebates, commissions, overrides or other consideration of any type from the sale of services or products in, on, or from the Franchisee's School or through any other means that is in any way related to Franchisee's School, whether for cash, exchange or credit, including, without limitation, any other revenues in any way associated with or developed through the use of the Trademarks, except that Gross Sales will not be deemed to include any state or local sales, use or service taxes collected from Students and paid to the appropriate taxing authority. Gross Sales shall be reported to Franchisor in accordance with **Section 4.10**.

2.5 Method of Payment. The Annual Fee shall be due and payable in accordance with **Exhibit C**. The Royalty and Advertising Fund Contributions (if assessed) shall be due and payable monthly on or before the fifth (5th) Business Day of the month and shall be determined based on Gross Sales for the prior calendar month. The Franchisee must pay all other amounts due the Franchisor as provided for in **Section 2.3**. If the Franchisor requests, the Franchisee shall make some or all payments by electronic funds transfer or other comparable means. Franchisee shall comply with the procedures established by the Franchisor and/or to perform such acts and deliver and execute such documents as may be necessary to assist in or accomplish such electronic method

of payment. In the event any electronic funds transfer is not honored by Franchisee's bank for any reason, Franchisee agrees that he, she or it shall be responsible for that payment plus a service charge applied by the Franchisor and the bank, if any. In addition, Franchisor may assess an administrative charge equal to Fifty Dollars (\$50.00) for any payment that is overdue.

2.6 Interest on Late Payments. All amounts which the Franchisee owes the Franchisor pursuant to this Agreement shall bear interest after the due date at the highest applicable legal rate for open account business credit, not to exceed one and one-half percent (1.5%) per month. The Franchisee's failure to pay the Franchisor amounts owed when due constitutes grounds for termination of this Agreement as provided in **Article VII**. This provision for interest is not in lieu of Franchisor's rights under **Section 7.2** and Franchisor does not waive any rights under **Section 7.2** by collecting interest. If, for any reason, the amounts that the Franchisee owes Franchisor under this **Section 2.6** exceed the amount allowed by applicable law and the Franchisee has made such payments, Franchisor will credit the excess amount against the delinquent amounts owed, unless the Franchisee notifies the Franchisor that the Franchisee wants the excess amounts returned to it.

2.7 No Waiver. Acceptance of any payment provided for in this Agreement shall not constitute any waiver of Franchisor's rights under this Agreement, including, but not limited to, all rights under **Article VII**.

2.8 Absolute Obligation. Franchisee's obligations for the full and timely payment of all amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor. Franchisee shall not delay or withhold the payment of all or any part of the Initial Fee, Annual Fee, Royalty or any other fees payable the Franchisor for any reason, put the same in escrow or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

2.9 Application of Payments. When the Franchisor receives a payment from the Franchisee, the Franchisor has the right to apply that amount to any past due indebtedness as it, in its sole discretion, sees fit.

ARTICLE III **FRANCHISOR'S OBLIGATION TO FRANCHISEE**

3.1 Basic Services. The Franchisor agrees, at no charge above the Initial Franchise Fee, to provide the Franchisee with the following:

- (a) The Franchisor will loan to Franchisee one copy of the Procedures;
- (b) Franchisor or its designee shall visit the School at a frequency determined by the Franchisor. These visits are for the purpose of providing recommendations to the Franchisee for the improvement of the School's business, including sales, marketing, merchandising, operations, finance, staffing, and Student support. Any additional visits from Franchisor to Franchisee shall be pursuant to **Section 3.2** of this Agreement;
- (c) Franchisor may provide training and support services as may be created or established by the Franchisor, in the Franchisor's sole discretion;

(d) Franchisor may provide standardized business forms for use at the School, including Student contracts and Student waiver forms;

(e) Franchisor shall provide initial training for one (1) person affiliated with the Franchisee as may be developed and offered in the sole and exclusive discretion of the Franchisor. The location of any training shall be at a location chosen by Franchisor in its sole and exclusive discretion. The Franchisee is responsible for all expenses incurred for transportation, lodging and meals associated with any training;

(f) Franchisor may provide proprietary management and accounting software, as the Franchisor in its sole and exclusive discretion, may provide; and

(g) Franchisor shall maintain an advisory relationship with Franchisee including ongoing telephone and e-mail consultation to aid in the proper and effective operation of the School, the frequency and duration of which shall be in the sole discretion of Franchisor.

3.2 Additional Assistance. In the event that the Franchisee requires additional assistance, the Franchisee can request, in writing, that a representative from the Franchisor visit the School and provide the needed assistance. The Franchisor may, in its reasonable discretion, provide such assistance and may require that the Franchisee pay for such services in accordance with **Section 2.3(b)**.

3.3 Delegation. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct.

3.4 Fulfillment of Obligations. In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates) shall have the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other franchised businesses and systems in which Franchisor (or its affiliates) has an interest and Franchisor's (and its affiliates') own activities; (ii) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates; (iii) to introduce proprietary and non-proprietary items used by the System into other franchised systems in which Franchisor (or its affiliates) has an interest; and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as it sees fit. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this **Section 3.4**, and that nothing in this **Section 3.4** shall in any way affect Franchisee's obligations under this Agreement.

ARTICLE IV

FRANCHISEE'S OBLIGATIONS TO FRANCHISOR

4.1 Franchisee Premises. The Franchisee shall provide Franchisor with a copy of any proposed lease for the Licensed Location prior to execution thereof and Franchisor has the right to approve or disapprove of such lease, approval not to be unreasonably withheld. Franchisee acknowledges that Franchisor shall have the right to reject any lease or proposed location that does not comply with the requirements of **Section 1.6**. In addition:

(a) If the Franchisee acquires facilities other than by lease, the Franchisee shall obtain the Franchisor's prior written approval of the acquisition, which approval may be withheld in the Franchisor's sole discretion; and

(b) The Franchisee shall design, decorate and convert the premises of the School in accordance with the Procedures.

4.2 Management of Business & Designated Instructor. If Franchisee is other than an individual, simultaneously with the execution of this Agreement, Franchisee shall comply with the following:

(a) Franchisee shall designate, subject to Franchisor's reasonable approval, one Instructor who is at least a candidate for a Second Degree Blackbelt (as certified by the Franchisor or its affiliates), and who shall be responsible for general oversight and management of the operations of the School on behalf of Franchisee (the "Designated Instructor"). The Designated Instructor shall own and shall continue to own a controlling ownership interest in the Franchisee. In the event the person designated as the Designated Instructor dies, becomes incapacitated, is no longer at least a candidate for a Second Degree Blackbelt, or otherwise ceases to supervise the operations of the School, Franchisee shall within ten (10) days from such event designate a new Designated Instructor, subject to Franchisor's reasonable approval; and

(b) Franchisee acknowledges and agrees that Franchisor shall have the right to rely on the Designated Instructor as having responsibility and decision-making authority regarding the School's operation and Franchisee's business.

4.3 Standards and Specifications. Franchisee agrees to maintain and operate the Franchise in strict compliance with this Agreement and the standards and specifications set forth in the Procedures, as they may be modified from time to time. In addition:

(a) The Franchisee shall repair, replace, or refurbish fixtures, furniture, and carpeting when necessary to update the same to comply with the Franchisor's standards and specifications as to appearance, design and quality of the School. The Franchisee acknowledges that all necessary improvements shall be at its own cost and the Franchisor warrants and agrees that such improvements shall not be mandated unreasonably;

(b) The Franchisor shall have the right to inspect the Franchisee's School at any time during regular business hours without prior notice, in order to ensure conformity and compliance with the Procedures;

(c) In order to ensure the maintenance of quality standards and consistent School image, the selection of goods to be sold by the Franchisee to its Students shall be subject to the Franchisor's consent and shall be in accordance with the Procedures. The Franchisee understands and acknowledges that the supplier of such approved goods may be a subsidiary or affiliated company of the Franchisor (collectively a "Franchisor Affiliate"). If Franchisee proposes to sell goods not previously approved by Franchisor, Franchisee shall prior to offering any such non-approved goods for sale, first send a written request to Franchisor requesting approval to sell such goods. Franchisor may withhold its approval in its sole discretion;

(d) The Franchisor reserves the right to change the Procedures from time to time upon thirty (30) days prior written notice to the Franchisee;

(e) The Franchisee shall exclusively use and obtain the necessary licenses to use such proprietary accounting and management software required by Franchisor (collectively the “Computer Programs”). The Franchisee agrees that it shall acquire and maintain such hardware and internet connections that are capable of operating the Computer Programs in accordance with the Franchisor requirements;

(f) The Franchisee shall provide the Franchisor a current and up-to-date list of its Owners, officers, instructors and managerial employees. Franchisee shall inform Franchisor in writing of any changes in the persons holding any of these positions within ten (10) business days from the date of any change;

(g) A representative of the Franchisee and all of the Franchisee’s instructors shall attend a training seminar at least once a year and a representative of the Franchisee shall attend all training held by Franchisor and deemed to be mandatory in accordance with **Section 4.16**; and

(h) The Franchisee agrees to permit the Franchisor at any time during business hours, and without advance notice, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales, payroll and income tax records and returns and other records of the Franchisee. The Franchisee agrees to fully cooperate with the conduct of any such inspection or audit. Should any examination or audit by the Franchisor establish that the Franchisee failed to report Gross Sales or pay any fees or amounts due under this Agreement by at least two percent (2%) of that which should have been reported or paid, Franchisor may charge Franchisee the expense of said audit plus interest as provided for in **Section 2.6** on any underpayment. Interest shall accrue from the date of the underpayment was originally due.

4.4 Procedures. Franchisee shall use the Trademarks and System only as specified in the Procedures. The Procedures are the sole property of the Franchisor and are to be used by the Franchisee only during the Term of this Agreement and in strict accordance with the terms and conditions hereof. The Procedures may be updated periodically by the Franchisor and the Franchisee shall update its Procedures as instructed by the Franchisor to conform with the updated provisions as soon as practicable. The Franchisee shall not duplicate the Procedures or disclose their contents to persons other than its instructors who have executed a Confidentiality and Non-Competition Agreement in substantially the same form as **Exhibit D**. The master copy of the Procedures maintained by the Franchisor at its principal office or as posted on the Intranet (as defined below) shall be controlling in the event of a dispute relative to the content of any provision therein. The Franchisee shall return the Procedures to the Franchisor upon the expiration or termination of this Agreement or transfer of the Franchise.

4.5 Purchases and Approved Suppliers. Franchisee shall purchase all uniforms, weapons, textbooks, signs, handbooks, computer software, and other products (collectively the “Products”) required for the establishment and operation of the School from Suppliers designated or approved in writing by Franchisor (as used in this **Section 4.5** the term “Supplier” shall include manufacturers, distributors and other forms of Suppliers). In determining whether it will approve any particular Supplier, Franchisor shall consider various factors, including but not limited to whether the Supplier (i) can demonstrate, to Franchisor’s continuing reasonable satisfaction, the ability to meet Franchisor’s then-current standards and specifications for such items; (ii) possesses adequate quality controls and capacity to supply Franchisee’s needs promptly and reliably; (iii)

approval of who would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and (iv) has been approved in writing by Franchisor prior to any purchases by Franchisee from any such Supplier, and have not thereafter been disapproved. Franchisor reserves the right to designate, at any time and for any reason, a single Supplier for any Products and to require Franchisee to purchase exclusively from such designated Supplier, which exclusive designated supplier may be Franchisor or an affiliate of Franchisor. Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all Proprietary Products from Franchisor or Franchisor's designee(s), as set forth in **Section 4.6**.

(a) Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved Supplier and to revoke its approval upon the Supplier's failure to continue to meet any of Franchisor's then-current criteria. Upon receipt of written notice of such revocation, Franchisee shall cease to sell or use any disapproved item, Products and/or cease to purchase from any disapproved Supplier;

(b) Nothing in the foregoing shall be construed to require Franchisor to approve any particular Supplier, nor to require Franchisor to make available to prospective Suppliers, standards for approval and/or specifications for formulas, which Franchisor shall have the right to deem confidential;

(c) Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known Suppliers who are willing to supply all or some Schools with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of the Schools. In this event, Franchisor may limit the number of approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all Products and other products and services, and/or refuse any of Franchisee's requests for approval if Franchisor believes that this action is in the best interest of the System or the franchised network of the Schools. Franchisor shall have unlimited discretion to approve or disapprove of the Suppliers who may be permitted to sell Products to Franchisee; and

(d) Franchisor and its affiliates may receive payments or other compensation from Suppliers on account of such Suppliers' dealings with Franchisee and other franchisees; and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate.

4.6 Proprietary Products. The term "Proprietary Products" shall mean any Product bearing any Trademark. Franchisee acknowledges and agrees that the Proprietary Products are manufactured in accordance with specific standards and specifications of Franchisor and are proprietary to Franchisor. In order to maintain the high standards of the Schools, and uniformity associated with Proprietary Products in the System, Franchisee agrees to purchase Proprietary Products only from Franchisor or its designee(s), and not to offer or sell any other items not approved by Franchisor at or from the Schools. Franchisor shall have the right to introduce additional, substitute new, or discontinue Proprietary Products from time to time. In connection with the manufacturing, handling, storage, transport and delivery of any Proprietary Products purchased from Franchisor, its affiliates or designee(s), Franchisee acknowledges that any action or inaction by any third party (e.g., an independent carrier) in connection with the manufacturing, handling, storage, transport and delivery of the Proprietary Products shall not be attributable to nor

constitute negligence of Franchisor. Franchisee acknowledges and agrees the Franchisor and/or its affiliates may earn revenues on account of such sales of Proprietary Products to Franchisee.

4.7 No Warranties. Franchisee acknowledges that in purchasing Products or Proprietary Products approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.**

4.8 Maintenance of Premises. Franchisee shall maintain the School and the Licensed Location in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such repairs and replacements thereto (but no others without prior written consent of Franchisor) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as Franchisor may reasonably direct.

4.9 Confidentiality. Franchisee shall maintain the secrecy and confidentiality of all of the elements of the System, the Procedures and the Franchisor's methods of doing business.

4.10 Reports and Records. Franchisee shall keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and in accordance with the Procedures, and Franchisee shall submit to Franchisor concurrently with the payment of each Royalty or Advertising Fund Contribution, if any, on a form supplied or approved by Franchisor, a signed and verified statement of Gross Sales in cash, credit and/or other charges, and if Franchisee is tied into any computerized cash register or point of sale system such reports shall be transmitted electronically. Furthermore, Franchisee shall:

(a) Submit to Franchisor, within sixty (60) days after the close of each calendar year, an annual profit and loss statement and a balance sheet for the Franchisee as of the end of such year;

(b) Submit to Franchisor, if requested, a copy of all of Franchisee's Federal, State and Local tax returns of any kind or nature;

(c) Submit to Franchisor such other periodic forms and reports as may be reasonably prescribed by Franchisor; and

(d) Submit to Franchisor within sixty (60) days after the close of a calendar year or within fifteen (15) days of a written request by Franchisor a listing of its active Students which shall contain such information and be in a format prescribed by Franchisor in the Procedures or in the written request.

Franchisee shall preserve for a period of not less than three (3) years all accounting records and supporting documents relating to the Franchisee's business under this Agreement and all records relating to Franchisee's Students.

4.11 Compliance with Laws. Franchisee shall operate the Franchise in compliance with all applicable federal, state and local laws, regulations and statutes, including, in particular, all

federal and state consumer laws and regulations. The Franchisee has the responsibility for acquiring all local licenses, approvals, permits and authorizations necessary for operation of the School.

4.12 Payment of Third Party Obligations. Franchisee shall promptly pay when due, all taxes and obligations including, but not limited to, payments to Suppliers, trade creditors, employees and other obligations incurred in the operation of the Franchisee's franchise.

4.13 Standards for Advertising. All advertising, marketing and promotion to be used by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any marketing or promotional plans or materials that are not approved by Franchisor in writing. Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Trademarks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the School or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

4.14 Operation and Management of Business. The Franchisee acknowledges that proper management is important and shall cause at least one person who has completed the Franchisor's training program or otherwise be certified by the Franchisor, to be present or available for consultation during the School's regular hours of operation. The Franchisee shall:

(a) refrain from operating or engaging in any other type of business or profession from any Licensed Location without the prior written consent of the Franchisor, which may be withheld in its sole and absolute discretion;

(b) at all times maintain the School in good repair and in a safe, clean and attractive condition; and

(c) unless otherwise agreed upon, commence full operation of the School within sixty (60) days after the Effective Date.

4.15 Uniforms. Franchisee shall be responsible for having all personnel employed by Franchisee wear standard uniforms and attire during business hours in order to further enhance the image of the School. Franchisee may be required to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

4.16 Training. Franchisee or its Designated Instructor (if Franchisee is an entity) must attend Franchisor's Continuing Education Program ("CEP") that occurs once per year at a location Franchisor designates. The tuition for any CEP shall be set by Franchisor (the "CEP Tuition"), which may be changed from time to time in Franchisor's sole and absolute discretion. In the event Franchisee or its Designated Instructor (if Franchisee is entity) do not attend the CEP, Franchisee must pay a fee to Franchisor equal to the then current CEP Tuition which is payable prior to the deadline to sign up for the applicable CEP. Franchisee must pay the CEP Tuition timely and in

accordance with all of our requirements. You must pay for your or your representative's travel expenses and room, board and wages during training. All expenses of Franchisee and its representatives incurred in connection with attendance at any training seminars or workshops shall be borne solely by Franchisee and its representatives.

4.17 Technology.

(a) Computer Systems and Required Software. The following terms and conditions shall apply with respect to the Computer System and Required Software (as defined herein):

i. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among Schools, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Schools, (b) printers and other peripheral devices; (c) archival back-up systems; and (d) internet access mode and speed (collectively the "Computer System").

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

iii. Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively "Computer Upgrades").

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

(c) Private Information. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding employees, Students or other individuals (collectively "Private Information"), and shall comply with Franchisor's standards and policies pertaining to Private Information. If there is a conflict between Franchisor's standards and policies pertaining to Private Information and applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Private Information within the bounds of applicable law.

(d) Telecommunications. Franchisee shall comply with Franchisor's requirements (as set forth in the Procedures or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

(e) Intranet. Franchisor may establish a Website providing private and secure communications between Franchisor, Franchisee, other franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "Intranet"). Franchisee shall comply with Franchisor's requirements (as set forth in the Procedures or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the School. The Intranet may include, without limitation, the Procedures, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

(f) Websites. As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

i. Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Trademarks, any or all of the Proprietary Products, the Schools, the franchising of the Schools, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue operation of the Website.

ii. Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the School, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages. Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

iii. Franchisee shall not establish a separate Website, without Franchisor's prior written approval. If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisor reserves the right to revoke approval of such Website, in addition to any other remedy available to the Franchisor for breach of a term of this Agreement, in the event that the Franchisee fails to comply with such policies, standards, and specifications. Franchisee further specifically acknowledges and agrees that the content of the approved Website shall, at all times, be limited to informational purposes and shall

not, in any case, contain any type of interactive forum and/or message board. Franchisee further specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed “advertising” under this Agreement, and will be subject to (among other things) Franchisor’s approval under **Section 4.13**.

4.18 Insurance. Franchisee shall obtain and place at its sole cost and expense, with an insurer reasonably satisfactory to Franchisor who is authorized to do business in the state in which the School is located and to keep in full force and effect during the terms of this Agreement, insurance coverage on an “occurrence basis” naming Franchisor, its officers, directors and employees as co-insureds (such insurance policies hereinafter referred to collectively as “Insurance”) as follows:

(a) comprehensive general liability insurance covering bodily injury and property damage, including premises/operations, independent contractors, products/completed operations, personal injury, broad form property damage, and blanket contractual liability with a limit of not less than One Million Dollars (\$1,000,000.00) combined single limit;

(b) automobile liability insurance covering all employees of Franchisee with authority to operate a motor vehicle used in the operation of the School with a limit of not less than One Million Dollars (\$1,000,000.00) combined single limit. For purposes of this requirement a motor vehicle owned and used by an employee to travel to and from the School shall not be considered a motor vehicle used in the operation of the School so long as the motor vehicle is not used for any other purpose relating to the School;

(c) Product liability insurance covering all alleged defects in or unsuitability for their intended purpose of all products supplied to any third party at or from any such premises with a limit of not less than One Million Dollars (\$1,000,000.00) combined single limit; and

(d) Any other policy of insurance required by law.

The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the School, and shall protect against all acts of any persons who patronize the School and shall contain a waiver of subrogation against Franchisor. Prior to the opening of any School, Franchisee will deliver to Franchisor certificates of the Insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-cancelable as to Franchisor in the absence of thirty (30) days' written notice to Franchisor. Franchisor shall have the right, but shall not be obligated, to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in the case of cancellation. Any cost thereof to Franchisor shall be added to the amounts payable to Franchisor under this Agreement, provided, however, that same shall be due and payable to Franchisor by the Franchisee within five (5) days of demand therefor. Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in the School, provided such Insurance is reasonably common in the area for similar operations.

4.19 Notice of Events. Franchisee shall immediately notify Franchisor, in writing, of any suit, action or proceeding involving the Franchisee or the Designated Instructor or any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor

or which could materially affect the School or the Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies his, her or its insurance carrier.

4.20 Telephone and Other Directory Listings, Internet Sites. Franchisee understand and agree that Franchisor owns all telephone numbers, domain names, Websites, Internet addresses/sites and/or other communications services links, and any related directory listings/advertising, used in connection with the operation of the School or in any way using the Trademarks or any derivative thereof (collectively, the "Numbers"). Franchisee shall upon the request of the Franchisor execute any documents and take any action requested by the Franchisor to assign or reflect that the Franchisor is the sole owner of the Numbers. After any termination and/or expiration of this Agreement, Franchisee will promptly transfer, call-forward, discontinue or otherwise deal with the Numbers as Franchisor may, in its sole discretion, direct. Franchisee agrees to sign any documents and/or pay any amounts required by a telephone/communication services provider including, but not limited to, Network Solutions or its successor (collectively the "Providers") as a condition to Franchisor being recognized as the owner of the Numbers. By signing this Agreement, Franchisee irrevocably appoint Franchisor as his, her or its attorney-in-fact to take any such actions regarding the Numbers if Franchisee does not do so upon the earlier to occur of ten (10) days after a request by the Franchisor or three (3) days after the termination, or expiration of this Agreement. This power of attorney is coupled with an interest and is therefore irrevocable. The Providers may accept this Agreement as conclusive evidence of Franchisor's exclusive rights to such Numbers.

4.21 Testing, Tournament and Membership Fees. Franchisee shall be responsible for collecting from its Students and paying to the Franchisor or a Franchisor Affiliate all testing, tournament and membership fees as required in the Procedures or otherwise. The Franchisor and the Franchisor Affiliate shall have no obligation to recognize any membership, allow the participation in any tournament or provide any testing to a Student unless it has received the appropriate fees.

ARTICLE V

BUSINESS RELATIONSHIP

5.1 Independent Businesspersons. Franchisor and Franchisee agree that each of them are independent business persons and that their only relationship is by virtue of this Agreement. Neither party is liable or responsible for each other's debts or obligations. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisor and Franchisee agree that neither of them will hold themselves out to be the agent, employer or related party of the other.

5.2 Indemnification. FRANCHISEE AGREES TO INDEMNIFY, DEFEND AND HOLD THE FRANCHISOR AND ITS SUBSIDIARIES, AFFILIATES, OWNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND ASSIGNEES (COLLECTIVELY "INDEMNIFIED PARTIES") HARMLESS AGAINST, AND TO REIMBURSE THEM FOR, ANY LOSS, LIABILITY, TAXES OR DAMAGES (ACTUAL OR CONSEQUENTIAL) AND ALL REASONABLE COSTS AND EXPENSES OF DEFENDING ANY CLAIM BROUGHT AGAINST ANY OF THEM OR ANY ACTION IN WHICH ANY OF THEM IS NAMED AS A PARTY (INCLUDING, WITHOUT LIMITATION, REASONABLE ACCOUNTANTS', ATTORNEYS' AND EXPERT WITNESS FEES, COSTS OF INVESTIGATION AND PROOF OF FACTS, COURT COSTS, OTHER LITIGATION EXPENSES AND TRAVEL AND LIVING

EXPENSES) WHICH ANY OF THEM MAY SUFFER, SUSTAIN OR INCUR BY REASON OF, ARISING FROM OR IN CONNECTION WITH; (A) FRANCHISEE'S OWNERSHIP OR OPERATION OF A SCHOOL; (B) CLAIMS FROM STUDENTS INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS RELATING TO UNPAID MEMBERSHIP, TOURNAMENT OR TESTING FEES; OR (C) THE BREACH OF THIS AGREEMENT. FRANCHISEE AGREES THAT THE FOREGOING PROVISIONS OF THIS **SECTION 5.2** SHALL APPLY TO THE NEGLIGENCE OF ANY INDEMNIFIED PARTY. NOTHING CONTAINED HEREIN SHALL BE CONSTRUED TO RELIEVE FRANCHISOR FROM LIABILITY FOR ANY PERSONAL INJURY RESULTING FROM ITS GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT.

5.3 Franchisee's Name. Unless required by law, Franchisee will not use the Trademarks or any derivative thereof, as part of its corporate or business name, without the prior written permission of the Franchisor which may be given or withheld in its sole and absolute discretion. The Franchisee shall use the Trademarks or other names as may be designated by Franchisor in the Procedures, as the sole and exclusive means of identifying any School.

ARTICLE VI **PROPRIETARY MARKS**

6.1 Trademarks. When used in this Agreement, "Trademarks" mean the trademarks and service marks which are used to identify Schools and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by the Franchisor from time to time for use in connection with the System.

6.2 License to Use Trademarks. Franchisee is authorized to use the Trademarks, goodwill and trade secrets in the operation of its School as authorized herein. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor. Franchisee understands and agrees that the limited license to use the Trademarks granted hereby applies only to such Trademarks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that he, she or it is bound not to represent in any manner that he, she or it has acquired any ownership or equitable rights in any of the Trademarks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Trademarks.

6.3 Ownership of Trademarks. Franchisee acknowledges that the ownership of all of the Trademarks, goodwill and trade secrets associated thereto remains solely with Franchisor and that Franchisee shall not register or attempt to register the Trademarks or to assert any rights in them other than as specifically granted in this Agreement.

6.4 Assignment of Trademarks; Domain Names. At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of Trademarks. Franchisee shall not without the Franchisor's prior consent register any web address or domain name containing the Trademarks or any derivative thereof in accordance with **Section 4.17** of this Agreement.

6.5 Use of Trademarks. Franchisee shall only use the Trademarks, logos, trade styles, color combinations, designs, signs, symbols and slogans of Franchisor, and only in the manner and

to the extent specifically permitted by this Agreement or in the Procedures. Franchisee shall not use any confusingly similar trademarks in connection with the Franchise or any other business in which he, she or it has an interest.

6.6 Approval of Use. Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Franchisor's Trademarks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the words "World Kuk Sool" shall be in accordance with this Agreement and the Procedures, and Franchisee shall obtain Franchisor's approval prior to such use.

6.7 Modification of Trademarks. If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Trademark and/or to adopt or use one or more additional or substitute Trademarks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Trademarks and shall promptly discontinue the use and display of outmoded or superseded Trademarks, at Franchisee's expense. Franchisee waives any other claim arising from or relating to any proprietary mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

6.8 Effect of Termination. Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Trademarks, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that he, she or it is associated with Franchisor or its affiliates. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect Franchisor's Trademarks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of Franchisor's Trademarks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs without the necessity of posting a bond.

6.9 Infringement. Franchisee shall, at its sole discretion, immediately notify Franchisor of any infringement of or challenge to Franchisee's use of the Trademarks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or company to use, without authorization, or any infringement of or challenge to, any of Franchisor's Trademarks. Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, company or governmental entity against Franchisor or Franchisee.

6.10 Defense of Trademarks. Franchisor shall, at its sole discretion, undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of Franchisor's Trademarks or that, in Franchisor's sole judgment, may affect the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake including, but not limited to, the right to take no action. In that event, Franchisee

shall execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor.

6.11 Designation of Trademarks. Franchisee shall be required to affix the ™ or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material designated by the Franchisor in the Procedures.

6.12 Acknowledgment. Franchisee acknowledges that it does not have any right to deny the use of the Trademarks to any other franchisees. In consideration therefore, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other franchisees to have full use of the Trademarks.

6.13 Prior Use. If, during the term of this Agreement, there is a claim of prior use of the “Kuk Sool Won” name or any other Trademarks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use any of Franchisor's other Trademarks in such a way and at Franchisor's discretion in order to avoid a continuing conflict.

ARTICLE VII

DEFAULT AND TERMINATION

7.1 Events of Default. Any of the following shall be considered a default of this Agreement (an “Event of Default”):

(a) Failure by Franchisee to comply with its obligations under this Agreement, including, but not limited to, failure to make complete and timely payment of any and all fees and amounts due Franchisor or any of its affiliates;

(b) Franchisee or its Designated Instructor is no longer involved in the operation or ownership of the School, he or she is no longer at least a candidate for a Second Degree Blackbelt or he or she losses the ranking of Second Degree Black Belt, if obtained, and the Franchisee does not appoint a successor Designated Instructor in accordance with **Section 4.2(a)**;

(c) A breach by Franchisee of any material provision of the Procedures or any other agreement between Franchisee on the one hand and the Franchisor or any Franchisor Affiliate on the other hand;

(d) The Franchisee or the Designated Instructor engages in or has been alleged to have been engaged in any conduct or practice that, in the reasonable opinion of Franchisor, is detrimental or harmful to the good name, goodwill, reputation or safety of Franchisor, the School, the System, Students or other franchisees;

(e) Failure by Franchisee to participate in the advertising, promotional, or marketing activities, services, and programs that are established by Franchisor or the Advertising Fund;

(f) Failure to open the School within sixty (60) days of the date of the Effective Date;

(g) The Franchisee's act or omission that results in the loss of the right to possession of the Licensed Location, or forfeiture of the right to do or transact business in the jurisdiction where the School is located;

(h) If Franchisee purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of **Article VIII** hereof;

(i) If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor;

(j) If Franchisee misuses or makes any unauthorized use of the Trademarks or any other identifying characteristics of the System, or if Franchisee otherwise operates the School in a manner that materially impairs the reputation or goodwill associated with the System, Trademarks, or the rights of Franchisor therein; or

(k) If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

7.2 Right to Terminate. Except as provided for in **Section 7.3**, Franchisor may terminate this Agreement for any Event of Default if Franchisor shall first provide Franchisee with written notice of termination (a "Default Notice"), which Default Notice shall specify the Event of Default and the effective date of termination which shall not be less than ten (10) days from the date on the Default Notice (or such longer period as provided by State law). This Agreement shall terminate on the date specified in the Default Notice, unless:

(a) Franchisee cures the Event of Default prior to the effective date for termination set forth in the Default Notice; or

(b) Franchisee has in good faith, initiated a cure of the Event of Default, and such Event of Default cannot be completely cured during prior to the effective date of termination because of factors reasonably beyond the exclusive control of Franchisee, in which event Franchisor, by notice, shall permit Franchisee a reasonable opportunity, in light of such factors, to effect a complete cure.

The provisions of **Subsections 7.2 (a) and (b)** notwithstanding, this Agreement may nonetheless terminate immediately upon written notice by Franchisor and the Franchisee shall have no opportunity to cure any Event of Default if the Franchisor has given the Franchisee a Default Notice more than two (2) times during any thirty six (36) month period.

7.3 Automatic Termination. Notwithstanding the terms of **Section 7.2**, upon written notice to Franchisee, Franchisor may, without right to cure, immediately terminate this Agreement upon the occurrence of any of the following events of default (an "Automatic Termination Event"):

(a) The appointment of any receiver or trustee to take possession of property of Franchisee or the Designated Instructor;

(b) Failure by Franchisee to satisfy fully a civil judgment obtained against Franchisee for a period of more than thirty (30) days after all rights of appeal have been exhausted, or execution of such a judgment, execution of a lien, or foreclosure by a secured party or mortgage

against Franchisee's property, which judgment, execution of a lien, or foreclosure by a secured party or mortgage would have an adverse or detrimental effect upon Franchisee's operation of the School;

(c) The Franchisee, the Designated Instructor or any owner or officer of the Franchisee: (i) has been charged, convicted or pleads nolo contendere to a felony or a crime involving violence or sexual misconduct; (ii) is involved in any sexual misconduct or inappropriate act in connection with the operation of the School; or (iii) is involved in a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;

(d) The charging, conviction or a plea of nolo contendere by Franchisee, its officers, managers, directors, the Designated Instructors, or any Owner of any other crime not covered in subpart (c) above which in the opinion of Franchisor would adversely affect the goodwill or interest of Franchisee, the School, the System, other franchisees or the Students;

(e) The uncured default by Franchisee under any lease or sublease of the Licensed Location which could possibly result in the loss by Franchisee of the right to possess the Licensed Location for any reason whatsoever;

(f) A final judgment or the unappealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of Franchisee's business or is required under applicable law;

(g) The direct or indirect assignment, transfer, sale or encumbrance by Franchisee of this Agreement or franchise or any of his, her or its rights or privileges contrary to this Agreement, or any attempt by Franchisee to sell, assign, transfer or encumber the School contrary to the terms of this Agreement;

(h) Failure by Franchisee to remain open for business as required by this Agreement or as may be required by the Procedures, as may be limited by local law or the landlord, or the abandonment or vacating by Franchisee of his, her or its School for three (3) or more consecutive days (or if a shorter time, for such other period as would be grounds for termination of Franchisee's lease or sublease for the Licensed Location);

(i) Dissolution, judicial or otherwise, or liquidation of Franchisee, if Franchisee is an entity;

(j) Unauthorized or improper use by Franchisee of the Trademarks or the System;

(k) Misuse or unauthorized disclosure by Franchisee of the Procedures; or

(l) The Franchisee, its Owners or the Designated Instructor violates **Article IX** of this Agreement.

7.4 Obligations of Franchisee Upon Termination. The Franchisee is obligated upon termination or nonrenewal of this Agreement to:

(a) Immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Procedures, the Trademarks and all other goods, services, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Trademarks;

(b) Pay to the Franchisor all fees and all amounts due to accounts guaranteed by Franchisor on behalf of Franchisee then owed and unpaid pursuant to this Agreement, or any other dealings between the parties, within five (5) calendar days of the effective date of such termination;

(c) Immediately discontinue the use of all Trademarks and all similar names and marks, or any other designation or mark associating Franchisee with the System. If Franchisee is an entity and, notwithstanding the prohibition of utilizing the Trademarks in its official corporate name, has used the Trademarks or any derivatives thereof in its official entity name, Franchisee shall, within five (5) days of the effective date of Termination, take all necessary steps to eliminate the Trademarks or derivatives thereof from its entity name, at his, her or its own cost and expense;

(d) Immediately deliver to the Franchisor (or at the Franchisor's option destroy) all signs, sign faces, catalogues, advertising materials, forms, stationery, letterhead and other materials bearing any Trademarks or otherwise identified with the Franchisor;

(e) Immediately deliver to the Franchisor the Procedures and all other information proprietary to the Franchisor including, without limitation, any computer software programs and updates thereto;

(f) Franchisee shall cease use of all Numbers and shall promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Trademarks;

(g) Promptly take all action necessary to assign to the Franchisor (or any person designated by Franchisor) all Numbers as required in **Section 4.20**;

(h) Immediately refrain from using advertising shells and/or advertising styles and designs in whatever manner or form;

(i) Refrain from taking any action indicating or implying that he, she or it is an authorized franchisee or that he or she is affiliated in any way with the Kuk Sool Won form of martial arts;

(j) Immediately deliver to Franchisor a list (containing at least the name, address, e-mail addresses, telephone numbers, rank and WKSA Student Identification number) of all past and active Students of the School and all other records requested by the Franchisor;

(k) Take all actions required in the Procedures relating to the closing of a School;

(l) Immediately notify all of its Students that the Franchisee will no longer be associated with the School and refer the Students to the Franchisor for further information. If the Franchisee does not provide such notice at least (10) days prior to the effective date of the

termination or expiration of this Agreement, the Franchisor may directly notify the Students by any means;

(m) Maintain all financial records and reports required pursuant to this Agreement or the Procedures for a period of not less than three (3) years after the effective date of termination. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records within three (3) years of the effective date of termination;

(n) If requested by Franchisor, immediately deliver to Franchisor possession of the Licensed Location;

(o) Franchisor, Franchisee, the Designated Instructors and the Owners shall not communicate or publish, directly or indirectly, any disparaging comments or information about one another during the term of this Agreement or thereafter; and

(p) Franchisee and its Designated Instructors shall comply with the covenants contained in **Article IX** of this Agreement.

The Franchisee shall within ten (10) days of the effective date of such termination give written notice to the Franchisor that it has complied with each of the above provisions. Nothing contained herein shall be deemed to relieve Franchisee of any obligations or responsibilities or liabilities incurred by Franchisee during the term of this Agreement or any renewals hereof, which obligations, responsibilities or liabilities shall survive the termination, expiration or non-renewal of this Agreement.

7.5 Adoption of Mandatory State Law. IF ANY MANDATORY PROVISIONS OF THE GOVERNING STATE LAW PROHIBITS TERMINATION OF THIS AGREEMENT OR LIMITS FRANCHISOR'S RIGHTS TO TERMINATE TO SOME OTHER BASIS OR TERMS THAN ARE HEREIN PROVIDED, OR REQUIRE RENEWAL HEREOF, OR REQUIRE REPURCHASE HEREOF, THEN SAID MANDATORY PROVISIONS OF STATE LAW SHALL BE DEEMED INCORPORATED IN THIS AGREEMENT BY REFERENCE AND SHALL PREVAIL OVER ANY INCONSISTENT TERMS HEREOF.

ARTICLE VIII **ASSIGNMENT OF THE FRANCHISE**

8.1 Prohibition Against Assignment. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to him, her or it (or to Franchisee's Owners if Franchisee is an entity), therefore neither this Agreement nor the Franchise granted hereby shall be assignable or transferable by Franchisee, nor may the same be mortgaged, pledged or encumbered without the express prior written consent of Franchisor which may be given or withheld in the Franchisor's sole and absolute discretion, and any purported assignment, mortgage, pledge or encumbrance thereof, without the prior written consent of Franchisor, shall be null and void. The issuance, sale, assignment or transfer of any stock, partnership interest, membership interest or other equity interest (including by way of any public offering) in Franchisee or its merger, conversion, a consolidation or dissolution shall be deemed an assignment of this Agreement and of the Franchise granted herein and shall be subject to the terms and conditions of this **Article VIII**.

8.2 Procedure for Assignment. Franchisee hereby agrees that any and all rights of assignment, transfer or sale by Franchisee of this Agreement and the rights therein and the assignment of any shareholder, partner or member of their ownership interest in the Franchisee are conditioned upon compliance with each of the following:

(a) The Franchisee shall comply with the Right of First Refusal Procedure set forth in **Section 8.3**;

(b) Any such assignment, transfer, or sale shall be subject to the approval by Franchisor of such assignee and of the moral and credit background of such assignee and any and all stockholders, members or partners thereof, which approval shall not be unreasonably withheld. Without limiting the foregoing, the proposed assignee must meet all the skills, character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees at the time of the proposed assignment including, but not limited to, a satisfactory criminal background check as determined by the Franchisor in its sole discretion. Franchisor has thirty (30) days from the date of notice to approve or disapprove of Franchisee's proposed assignment. Notwithstanding and without limiting the foregoing, Franchisor may reject any assignee that is involved directly or indirectly in any other form of martial arts or any business competitive with the System. If Franchisor has not given Franchisee notice of its approval or disapproval within such thirty (30) day period, approval is deemed to be granted;

(c) The assignee, transferee, or purchaser shall at Franchisor's option either assume in writing all of the obligations of Franchisee under this Agreement or execute the then-current Franchise Agreement, in the form used by Franchisor, except that the Term shall be modified to equal the remainder of the Term as of the date of the assignment;

(d) The Designated Instructor and all Owners owing at least 25% of the assignee, transferee or purchaser, if same is an entity, shall execute a Guaranty in accordance with the requirements of **Section 1.8**;

(e) Franchisee, such assignee, transferee or purchaser and any and all Owners thereof, shall execute a general release in favor of Franchisor, its officers, partners, managers, and employees, of any and all claims and causes of action that they may have against Franchisor or its subsidiary or affiliated entities in any way relating to this Agreement or the performance or non-performance thereof by Franchisor;

(f) All prior obligations and debts of Franchisee owed to Franchisor under or in connection with this Agreement or otherwise shall be paid concurrently with such assignment;

(g) Franchisee must not be in default under this Agreement or any other agreement or obligation with the Franchisor or any Franchisor Affiliate;

(h) Assignee, transferee or purchaser and any and all Owners thereof shall not be involved in any other form of martial arts or in the same business as Franchisor either as a franchisor, licensor, retailer, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the assignee, transferee or purchaser may be an existing franchisee of Franchisor;

(i) Prior to the effective date of the assignment, transfer or sale, the assignee, transferee, or purchaser must satisfactorily complete the Franchisor's training program required of all new franchisees;

(j) Assignee, transferee, or purchaser shall, prior to any such assignment, pay to Franchisor the Transfer Fee which is non-refundable and is required to reimburse Franchisor for its legal and accounting fees, credit investigation, training expenses, and other charges and expenses in connection with such assignment, transfer or sale; and

(k) If the Franchisee or an affiliate of Franchisee owns more than one (1) Kuk Sool Won school, the Franchisee and its affiliate must sell all of his, her or its Kuk Sool Won schools to the proposed transferee.

8.3 Right of First Refusal. If at any time during the Term hereof, as extended, Franchisee shall receive a bona fide offer from a third party to purchase the franchise, business and/or equipment and inventory incidental thereto (collectively the "Assets") or to purchase more than twenty five percent (25%) of the stock, partnership interest or membership interest of Franchisee (the "Equity"), Franchisee shall communicate to Franchisor in writing all the terms of said offer and the name of the offeror (a "Offer Notice"). Franchisor may elect to purchase the Assets or the Equity on the same terms as contained in the Offer Notice, and if Franchisor so elects, it shall give to Franchisee a written notice of such election within thirty (30) days after receipt of the Offer Notice (the "ROFR Period"). If Franchisor shall fail to give such written notice of election prior to the expiration of the ROFR Period, Franchisee may sell to the offeror on the same terms contained in the Offer Notice, subject to the other terms and conditions of this Agreement otherwise relating to transferability, so long as the transaction closes within ninety (90) days after the expiration of the ROFR Period. If the transaction does not close within such ninety (90) day period, the Franchisee shall provide the Franchisor an additional Offer Notice and the Franchisor shall have another thirty (30) days to accept the offer. Franchisee shall not modify the terms of the sale to the offeror from the terms set forth in the Offer Notice without offering those different terms first to Franchisor and providing Franchisor another thirty (30) days to accept the new offer. In the event Franchisor elects to purchase, said purchase must be completed within ninety (90) days from date of Franchisor's notice of election to purchase.

8.4 Death or Incapacity. In the event of the death or permanent disability of Franchisee (if an individual), the Designated Instructor, or any partner, member or shareholder owning at least twenty five percent (25%) or more of the Equity of a Franchisee (if the Franchisee is an entity), (collectively a "Death Event"), the same shall be considered an assignment hereunder and shall require the Franchisor's consent pursuant to this **Section 8.4**. Franchisor shall consent to a transfer of this Agreement to the heirs, beneficiaries or family designees (hereinafter referred to in this Article as "Transferee") due to a Death Event without payment of a Transfer Fee, subject to the satisfaction of the following conditions:

(a) The Transferee and its Designated Instructor (if Transferee is an entity) must complete, and be approved through, Franchisor's standard franchise selection process including satisfactorily demonstrating to Franchisor that he, she or it meets the skills, character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;

(b) The Transferee and its Designated Instructor (if Transferee is an entity) shall be at least a candidate for a Second Degree Blackbelt (as certified by the Franchisor or its affiliates); and

(c) The Transferee and its Owners shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement in accordance with **Section 1.8**.

If the Transferee does not satisfy the requirements of this **Section 8.4** within thirty (30) days from a Death Event, the Transferee shall use his, her or its best efforts to sell the Franchise to a party acceptable to Franchisor within twelve (12) months from the date of the Death Event and Franchisor shall have the option, but not the obligation, to operate and/or manage the franchise for the account of Franchisee's estate until the interest is transferred to another party acceptable to Franchisor. Should Franchisor elect to operate and/or manage the Franchise, Franchisor shall make a complete accounting and shall forward eighty five percent (85%) of the net income for the operation of the School to the Transferee. If the conveyance of the Franchise to a party acceptable to Franchisor has not taken place within the twelve (12) month period this Agreement shall terminate.

For purposes of this Agreement the term “permanent disability” shall mean the inability of the person due to the occurrence of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued or indefinite duration, for a period of at least ninety (90) days (determined by the Franchisor acting in good faith), to substantially devote the same amount of time, energy and skill to the performance of their respective duties for or on behalf of the Franchisee normally performed prior to such occurrence.

8.5 Assignment by Franchisor. Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, company or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other companies, or be acquired by another company; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Trademarks (or any variation thereof) and System. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as “World Kuk Won” schools operating under the Trademarks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be within his, her or its Territory, proximate thereto, or proximate to any of Franchisee's locations.

8.6 Ownership by Corporation or Other Legal Entity. If Franchisee is an entity, Franchisee shall deliver to Franchisor a written list of the names and addresses of all Owners and the amount and percentage interest owned by each. Franchisee shall notify the Franchisor of any changes in the names and addresses of all stockholders, partners, members or other equity owners within ten (10) days of any change.

8.7 Ownership Certificates. All ownership certificates of any Entity which executes this Agreement shall make references to the restrictions contained in **Article VIII** herein so as to make a binding restriction on transferability in accordance with corporate laws of the State in which the Entity is formed.

ARTICLE IX

RESTRICTIVE COVENANTS

9.1 Confidential Information. Franchisee shall treat all information that it receives regarding the Franchise and the System including, but not limited to, the Procedures, as proprietary and confidential and will not disclose the same to any person without first obtaining Franchisor's written consent. The Franchisee acknowledges that the Trademarks and the System have valuable goodwill attached to them, that the protection and maintenance thereof are essential to the Franchisor and that any unauthorized use of the Trademarks and System will result in irreparable harm to the Franchisor.

9.2 Confidentiality and Non-Competition Agreement. If the Franchisee is an entity, the Franchisee shall cause its Designated Instructor and each of its Owners to execute a Confidentiality and Non-Competition Agreement in substantially the same form as the one attached to this Agreement as **Exhibit D**. The Franchisee shall provide Franchisor a copy of these Agreements. Upon the admission of a new Owner or appointment of a new Designated Instructor, the Franchisee shall have the newly-admitted or newly-appointed person execute the Confidentiality and Non-competition Agreement and promptly forward an executed copy to the Franchisor.

9.3 Non-Competition.

(a) During the term of this Agreement, or any extension thereof, neither Franchisee, nor any Designated Instructor, or Owner, shall either directly or indirectly for himself, herself or itself or in conjunction with any other person, persons, or entity:

own, maintain, engage in, consult with, participate or have any interest in the operation of any enterprise which is the same or substantially similar to the System or any enterprise which is involved in the teaching of any form of martial arts or the operation of martial arts schools whether on a full-time or part-time basis;

solicit or teach Students of another franchisee unless the other franchisee has expressly agreed to such solicitation or teaching; or

engage, employ or compensate or seek to engage or employ any person who, is at that time, engaged or employed by another school, or to otherwise directly or indirectly induce such person to leave his, her or its employment thereat.

(b) For a period of two (2) years following termination, expiration, or non-renewal of this Agreement, the Franchisee, Designated Instructor and all Owners shall not:

i. Engage, employ or compensate or seek to engage or employ any person who, is at that time, engaged or employed by another school, or to otherwise directly or indirectly induce such person to leave his, her or its employment thereat; or

ii. Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, limited liability company, association or corporation, own, maintain, engage in, consult with, participate in, or have any interest in the operation of any enterprise which directly or indirectly competes with or is the same or substantially similar to the franchise covered by this Agreement, or which is involved in the teaching of any form of martial arts or the operation of martial arts schools within the "Minimum Area of Competition." The "Minimum Area of Competition" shall be deemed to be that area which is within a radius of twenty five (25) miles from any Kuk Sool Won school in operation on the effective date of termination or expiration, whether franchised or company-owned, including, but not limited to, the Licensed Location.

(c) The covenants of this **Article IX** shall survive the termination or expiration of this Agreement;

(d) Franchisee, the Designated Instructor and the Owners shall not, during the term of this Agreement or after its termination or expiration, communicate or divulge to any other person, persons, partnership, limited liability company or corporation, any information or knowledge concerning the methods of operation used in the System or the Procedures nor shall Franchisee disclose or divulge, in whole or in part, any trade secrets of Franchisor or any Franchisor Affiliate;

(e) The parties agree that the covenants contained in this **Article IX** shall be construed as independent of any other covenant or provision of this Agreement. If any of the restrictions set forth in this **Article IX** are ever determined, as of the date of enforcement, to be unlawful or unreasonable under applicable law, then these covenants which purport to restrict Franchisee's activities shall be amended to provide that the restrictions shall apply for the maximum time and geographic scope permitted by applicable state law; and

(f) Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the System and legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this paragraph, the damage to Franchisor would be difficult to ascertain, and in addition to the liquidated damages payable to Franchisor as hereinafter provided for the breach of any or all of said covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs without having to post a bond.

9.4 Attorneys' Fees. The Franchisee shall reimburse the Franchisor for attorneys' fees and other reasonable costs incurred in the reasonable enforcement of the restrictions imposed by this **Article IX**. The Franchisee acknowledges that the provisions hereof may, in addition to all other available remedies, be enforced through an action for injunctive relief.

ARTICLE X

DISPUTE RESOLUTION

10.1 Subject to Arbitration. It is agreed that all questions as to rights and obligations arising under the terms of this Agreement are subject to arbitration. If a dispute should arise under this Agreement, either party may within thirty (30) days after the date on which the dispute arises make a demand for arbitration by filing a demand in writing with the other. For purposes of this provision, a dispute shall arise when a party gives notice to the other party of a breach and the allegedly breaching party refutes the allegation of a breach or fails to cure the breach within the prescribed time period. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred.

10.2 Appointment of Arbitrators. The parties to this Agreement may agree on one (1) arbitrator, but in the event that they cannot so agree, there shall be three (3) arbitrators, one (1) named in writing by each of the parties, within seven (7) days after demand for arbitration is made, and a third to be chosen by the two (2) so named. Should either party fail to timely join in the appointment of the arbitrators the sole arbitrator chosen by the participating party shall be the sole arbitrator to hear the case.

10.3 Hearing/Forum. All arbitration hearings conducted under the terms of this Agreement, and all judicial proceedings to enforce any of the provisions of this Agreement, shall take place in Harris County, Texas. The hearing before the arbitrator(s) of the matter to be arbitrated shall be at the time and place within said County selected by the arbitrator(s). At the hearing, any relevant evidence may be presented by either party, and the formal rules of evidence applicable to judicial proceedings shall not govern. Evidence may be admitted or excluded in the sole discretion of the arbitrator(s). Notwithstanding the foregoing, the arbitrator(s) may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. The arbitrator(s) shall hear and determine the manner and shall execute and acknowledge their award in writing and deliver a copy thereof to each of the parties by registered or certified mail. The arbitrator(s) may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in **Section 12.16** below, award any punitive, exemplary or multiple damages against either party.

10.4 Arbitration Award. If there is only one (1) arbitrator, his or her decision shall be binding and conclusive on the parties. If there are three (3) arbitrators, one decision of any two shall be binding and conclusive. The submission of a dispute to the arbitrators and the rendering of their decision shall be a condition precedent to any right of legal action on the dispute. A judgment confirming the award of the arbitrators may be rendered by any court having jurisdiction.

10.5 New Arbitrators. If the arbitrators selected pursuant to the above paragraph, shall fail to render a decision within forty five (45) days from the date of hearing, either party may discharged the arbitrator(s), and new arbitrators shall be appointed and shall proceed in the same manner, and the process shall be repeated until a decision is finally reached in accordance with this Agreement.

10.6 Costs of Arbitration and Failure to Participate. The costs and expenses of arbitration including the fees of the arbitrators shall be borne by the losing party or in such proportions as the arbitrators shall determine. If the arbitrator(s) require any advance payment, the Franchisor and Franchisee shall each pay one half of such amount in advance. In the event that any party fails without good cause (a) to appear at any properly noticed arbitration proceeding or (b) to make payment in full of its share of the required arbitration fees and costs within the earlier of 10 days after notice and demand or the deadline required by the arbitrator(s), absent a previously issued court order to the contrary, the non-defaulting party may either (y) dismiss the arbitration proceeding; or (z) seek a ruling from the arbitrator(s) finding in favor of the non-defaulting party without regard to any claim, defense or evidence presented by the defaulting party.

10.7 Conduct of Arbitration. Any arbitration pursuant to the terms of this Agreement shall be conducted in the following manner:

(a) Time Limitations. The parties agree that the following time limitations shall govern the arbitration proceedings conducted pursuant to the terms of this Agreement:

- i. The hearing must be held within sixty (60) days of the date on which the arbitrator(s) are selected in accordance with this Agreement.
- ii. Hearing briefs must be filed on or before the tenth (10th) day prior to the hearing date.
- iii. The arbitration award must be made and arbitrators must agree to render their decision within thirty (30) days of the hearing.

(b) Discovery. The parties agree that discovery may be conducted in the course of the arbitration proceeding in accordance with the following provisions unless the parties otherwise agree to the contrary:

- i. Each party may notice no more than four (4) oral depositions in total, including both witnesses adherent to the adverse party and third-party witnesses.
- ii. Each party may serve no more than ten (10) requests for admissions on the other party. No request may be filed within ten (10) days of the date of hearing. All requests for admissions shall be responded to within ten (10) days of service or the requests for admissions shall be deemed admitted.
- iii. Each party may serve no more than ten (10) interrogatories on the other party. No interrogatory shall contain subparts, or concern more than one (1) topic or subject of inquiry. Interrogatories may not be phrased so as to circumvent the effect of this clause. No interrogatories may be served within ten (10) days of the date of hearing, unless the parties otherwise stipulate. All interrogatories shall be responded to within ten (10) days of service of the interrogatories.
- iv. Each party may serve no more than ten (10) requests for production of documents on the other party. No requests for production of documents shall contain subparts, or seek more than one type of document. Requests for production of documents may not be phrased so as to circumvent the effect of this clause. Requests for production of documents may not be served within ten (10) days of the date of

hearing, and all requests for production of documents shall be responded to within ten (10) days of service of the request, unless the parties otherwise stipulate.

v. If any party contends that the other party has served discovery requests in a manner not permitted by this Section or that the other party's response to a discovery request is unsatisfactory, the party may request the arbitrators to resolve such discovery disputes. The arbitrators shall prescribe the procedure by which such disputes are resolved.

ARTICLE XI **RESERVED**

ARTICLE XII **MISCELLANEOUS PROVISIONS**

12.1 **Modifications of System.** Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other market place variables and the needs of customers, and to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those programs and services which Franchisee is authorized to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving or modifying the Trademarks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations, provided, however, that such changes do not materially and unreasonably increase Franchisee's obligations hereunder. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

12.2 **Rights in Equity.** Nothing herein contained shall bar the right of Franchisor to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of **Article VI**, **Article VIII** and **Article IX** under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

12.3 Assignment. This Agreement may not be assigned, transferred or hypothecated by Franchisee except as provided elsewhere herein. Any attempt to do so shall immediately effect the termination of this agreement.

12.4 Joint and Several Liability. If this Agreement is signed by more than one party as Franchisee then the liability under this Agreement shall be deemed joint and several.

12.5 No Waiver of Rights. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy of Franchisor or Franchisee shall be considered to constitute a further waiver by either Franchisor or Franchisee of the same or any other condition, covenant, right or remedy.

12.6 Definition of Days. For purposes of this Agreement, unless the Agreement otherwise provides, days exclude Saturdays, Sundays and federal holidays and for purposes of this Agreement such days are not counted in determining any time period.

12.7 Applicable Law. This Agreement shall be deemed to have been made and entered into in the State of Texas. The validity and construction of this Agreement shall be governed by the laws of the State of Texas. If any of the terms of this Agreement are inconsistent with applicable state statutes, then state statutes will supersede such terms.

12.8 Exclusive Jurisdiction. Franchisee acknowledges that he, she or it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of Texas, where Franchisor's decision making authority is vested and franchise operations are conducted and supervised. Therefore, the parties herein irrevocably agree and consent that in any action or proceeding hereafter brought by either party to this Agreement, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in the State of Texas, County of Harris.

12.9 Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and be binding upon each of Franchisor's and Franchisee's respective representatives, successors and assigns and heirs.

12.10 Severability Clause. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modifications.

12.11 No Setoff. The Franchisee agrees to consult with the Franchisor with respect to any alleged nonperformance of the Franchisor and the Franchisee will not, on the grounds of any alleged nonperformance by the Franchisor of its obligations hereunder, withhold payment of any Royalty, Annual Fee or other payment of fee payable by the Franchisee pursuant to the terms of this Agreement.

12.12 Notices. All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, at the following addresses:

Franchisor: 37937 FM 1774 Road
Magnolia, TX 77355
Attn: President

Franchisee: At the Licensed Location

or at such other addresses as Franchisor or Franchisee may designate from time to time, and shall be effectively given when deposited in the United States mail, return receipt requested, postage prepaid.

12.13 Time is of the Essence. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

12.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original.

12.15 Continuing Obligations. All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement (including any indemnification and noncompetition provisions) will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

12.16 Waiver of Punitive Damages. WITHOUT LIMITING FRANCHISOR'S OR FRANCHISEE'S OBLIGATIONS TO INDEMNIFY EACH OTHER PURSUANT TO **SECTION 5.2** OF THIS AGREEMENT, FRANCHISOR AND FRANCHISEE WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES THAT IT SUSTAINS.

12.17 Integration Clause. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations, agreements, representations and warranties, whether written or oral, provided that nothing contained in this Agreement shall be deemed a waiver of Franchisee's reliance on any representations made by Franchisor in the disclosure document provided to Franchisee pursuant to the Federal Trade Commission Franchise Rule, 16 C.F.R. Part 436. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

12.18 Security Interest. Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory, intellectual property and supplies located at or used in connection with any School, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisor is authorized to file UCC Financing Statements in any jurisdiction it deems

necessary to perfect the security interest set forth herein. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. If Franchisee is in good standing, Franchisor agrees, upon request, to execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Franchisee in connection with the School.

12.19 Limitation. Except for claims arising from underreporting of Gross Sales by Franchisee or non-payment of any amounts owed by Franchisee to Franchisor pursuant to this Agreement, any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the School, brought by either party hereto against the other, whether in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

12.20 Waiver of RICO. The parties hereto agree to waive, now and forever, any and all rights either may have under the federal statute known as RICO.

12.21 Attorneys Fees. In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

12.22 Waiver of Jury Trial. Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether a legal action or in arbitration.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the undersigned thereunto duly authorized as of the date set forth above.

As Franchisor:

WKSA, LLC

By: _____
Name: _____
Title: _____

As Franchisee:

(A) if franchisee is an individual:

(B) if franchisee is an entity:

_____ (name of entity)

By: _____
Name: _____
Title: _____

Designated Instructor: _____

Unless one of the below is checked, the School is a Part-Time Franchised School:

_____ Full-Time Franchised School

_____ Club Franchised School (attach Club Franchised School Addendum)

_____ Transient School (attach Transient School Addendum)

EXHIBIT A-1
TO THE WKSA, LLC FRANCHISE AGREEMENT
TERRITORY

[INSERT MAP FOR FULL-TIME OR PART-TIME FRANCHISE SCHOOL]

or

[Not applicable]

EXHIBIT A-2**TO THE WKSA, LLC FRANCHISE AGREEMENT****PRE-EXISTING SCHOOLS**

State	Name	School Address	Phone Number
AR	Mike Gray	3112 Cavanaugh Ft. Smith, AR 72908	479-459-1492
	Jerry Sallee	Univ. of Arkansas, 5210 Grand Ave. Ft. Smith, AR 72913	479-883-6456
	Eric Spivey	2605 Storage PK WAY #4 Rogers, AR 72756	479-426-4919
	Tim Nixon	1507 HWY 10 Greenwood, AR 72936	479-996-8998
	Cleo Randall	201 Martin Street, Jacksonville, AR 72076	501-982-8739
CA	Leora Michelle Goren	2450 Sutter St. San Francisco, CA 94115	415-509-5691
	Tom Brewer	1077 Park Hills Rd Berkeley, CA 94708	510-540-8070
	Tim Sheehan	31 West 25 th Ave San Mateo, CA 94403	650-570-5991
	Jeff Gullicksen	2639 Terminal Mountain View, CA 94034	650-938-1553
	Seyd Saidi	17321 Hesperian Blvd. San Lorenzo, CA 94580	510-276-3834
	Paul Carmody	80-C Cabrillo Highway Half Moon Bay, CA 94019	650-712-4488
	Justin Painter	2222 Francisco Blvd. El Dorado Hills, CA 95762	530-642-9031
	Richard Rountree	6101 B Street Building, Beale AFB, CA 95903	530-218-6425
	Justin Bunn	618 Cottonwood Street, Woodland, CA 95695	916-947-8806
	Kristin Quintana	602 Cedar St #1, San Carlos, CA 94070	650-787-2226
	John Gragowski	17520 Lake Elizabeth Rd, Lake Hughes, CA 93532	661-672-8592
	Gene Gause	18547 Soleda Cyn Rd, Canyon Country, CA 91351	661-298-2780
	Gene Gause	24307 Magic Mountain Pkwy #544, Valencia CA 91355	661-210-6837
	Debra Taylor	348 Petaluma Blvd North #B, Petaluma, CA 94952	707-778-8500
	Antony Kinzell	38218 6th St., E Palmdale, CA 93550	661-947-3992
	Rick Cairnes	420 Front St., Wheatland, CA 95692	530-713-2379
	Tony Reyna	127 Argall Way, Nevada City, CA 95959	530-478-1412
	K.C. McLean	8215G Auburn Blvd., Citrus Heights, CA 95610	916-722-9168
	Justin Painter	5690 Motherlode Dr., Placerville, CA 95667	530-642-9031
	Daniel Tejada	236 Bridge St., Yuba City, CA 95991	530-821-2275
	John Santilena	2010 First St., Lincoln, CA 95648	800-657-3320
	Kymberly Wadsworth	P.O. Box 371, Wheatland, CA 95692	530-633-2899
	Hafez Adle	2135 Roosevelt Ave, Redwood City, CA 94061	415-860-0557
DC	Russell Moore	1325 W Street NW Washington, DC 20019	301-350-7123
DE	Sung Gu Yea	13 Sandalwood Dr. #5, Wilmington, DE 19713	302-294-1888
FL	Yong Song	7302 Altaloma St. Tampa, FL 33625	813-265-9698
	Amado Garcia	Hurlburt Field AFB, FL 32542	407-443-3387
	Robert Ross	1209 Northview Dr Crestview, FL 32536	850-423-0069
IA	Lisa Gerwulf	119 5th Avenue South Clinton, IA 52732	563-259-2170
	Jeffrey Green	5102 Surrey Dr., Bettendorf, IA 52722	563-332-8817
ID	Michael Poulin	419 W. N., Mountain Home, ID 83647	208-587-9269
IL	James Reed	901 W. Springfield Ave #5 Urbana, IL 61801	217-649-3679
	Joshua Smith	220 West Side Public Square, Knoxville, IL 61448	309-371-4277
	Ed Sanchez	415 East Main St. Galesburg, IL 61401	309-342-6222
	Ben Mitchell	5221 N. Bighollow Rd. Peoria, IL 61615	309-692-7320
	Brian Porter	301 West Winters Scott AFB, IL 62225	618-628-6943

State	Name	School Address	Phone Number
	Timothy Seitz	8900 US Hwy 14, Crystal Lake, IL 60012	847-962-8600
IN	Gary Phillips	821 East Main St, Richmond, IN 47374	765-965-6266
	Ken Ring	2190 West White River #B Muncie, IN 47303	765-717-0065
KS	Walter Dimmick	3201 Mesa way Lawrence, KS 66049	785-864-3217
LA	Ryan Tardiff	505 Gretna Blvd #6, Gretna, LA 70053	504-874-7555
	Quan Lee	1400 Camp St., New Orleans, LA 70130	504-236-8036
MA	Kenneth Schalk	22 Shaffner St., Worcester, MA 01605	508-755-6101
MD	Marlin Godfrey	10375 Southern MD Blvd #24, Dunkirk, MD 20754	202-437-2548
	Marlin Godfrey	3209 Stonbrook Dr, Bowie, MD 20715	202-437-2548
	Marlin Godfrey	8001 Sheriff Road, Landover, MD 20774	202-437-2548
MI	Ken Wright	6081 Bellingham Ct, Burton, MI 48519	810-743-3908
	Stephen Swartz	408 S. Lafayette Ave, Royal Oak, MI 48067	248-721-5665
	Samuel Ferrell	17232 Robbins Rd, Grand Haven, MI 49417	616-842-8716
	Karl Stolt	650 W. Easterday Ave, Sault Ste. Marie, MI 49783	906-632-2406
MN	Steffen Kellogg	1920 University Ave, West St Paul, MN 55104	651-645-1455
MO	Jack Harey	1 East Sutters Mill Rd, St. Peters, MO 63376	636-928-2235
	Lee Harvey	2505 S. Brentwood Blvd, Brentwood, MO 63144	636-928-0035
	George Fleites	998 N. Main St, O'Fallon, MO 63366	636-978-5425
NC	Jason Tacker	2246-C Stephens Mill Rd, Matthews, NC 28105	704-807-2565
NY	Gary Evarts	4081 West Main St., Williamson, NY 14589	585-216-2122
	Gary Evarts	82 East Main St, Webster, NY 14580	585-216-2122
	Joseph Burnett	11807 Main St, Wolcott, NY 14590	315-594-6994
	Jason Tetu	54 Weibel Ave, Saratoga Spring, NY 12866	518-581-9969
OH	Robert Carson	1 Montecello Blvd, Cleveland Heights, OH 4118	216-225-4935
	Darryl Gholston	1718 Olde Park Dr, Tipp City, OH 45371	937-669-1136
OK	Bob Moon	2255 Choctow, Tahlequah, OK 74464	918-456-0769
OR	Fritz Herrmann	1752 Concord Way, Medford, OR 97504	541-292-0644
SC	Cliff Bailey	3015 East Palmetto St. #C, Florence, SC 29506	843-665-2100
	Louise Morales	TRMC 3000 St. Mathews Rd, Orangeburg, SC 29118	803-395-2452
	Toam Phan	2603 E. Lee Rd., Taylors, SC 29687	864-268-2373
	Daniel Middleton	102 B. Northpark Dr., Anderson, SC 29625	864-322-1065
	Daniel Middleton	1311 Millers Road, Greenville, SC	864-226-2313
TX	Carlos Alanis	4337 Vance Jackson St #203, San Antonio, TX 78230	210-5509359
	Pamela Patten	3929 Cibolo Valley Dr. Suite 280, Cibolo, TX 78108	210-945-4155
	Raul Sosa III	1601 Alton Gloor Ste 110, Brownsville, TX 78521	956-541-9043
	Daniel Jolly	5403 Colton Way, San Antonio, TX 78521	210-520-3742
	Lawson Plummer	5530 Walzhem Rd., San Antonio, TX 78218	210-864-3612
	Harlan Thompson	9725 Ash Creek Dr, Dallas, TX 75228	214-546-5990
	Tony Crabtree	1872 Barker Cypress, Houston, TX 77084	832-677-6464
	Alex Suh	20295 FM 2920, Tomball, Texas 77377	281-255-4321
	Jose Dumais	4819 HWY 6 South, Missouri City, TX 77459	281-403-5425
	Alana Groneman	2510 E. Broadway, Pearland, TX 77581	281-788-1339
	Larry Subia	536 Somerset Rd. Buda, TX 78610	512-799-6351
	Joe Foster	32215 Tamina Rd, Magnolia, TX 77354	281-259-6333
	Barry Harmon	15230 Hwy 3 Webster, TX 77598	281-486-5425
	Tommy Nance	2827 N. Alexander, Baytown, TX 77520	281-433-8996
	Richard Roper	910 Russell Palmer Rd., Kingwood, TX 77339	281-359-5425

State	Name	School Address	Phone Number
	Stuart Cowell	2217 14th Street, Lubbock, TX 79401	806-239-3729
	Victor Quarles	112 Robinson Rd. Suite 1-A, Spring, TX 77386	713-992-7499
	Philip Sage	1267 E. Danville, Abilene, TX 79605	915-690-9039
	Alex Suh	37937 FM 1774, Magnolia, TX 77355	832-934-1400
	Tim King	6124 US 290 West, Austin, TX 78729	512-748-0000
	Frankie Cade	1149 Harry Wurzbach Rd., San Antonio, TX 78209	210-824-5425
	Timothy Choate	4400 MLK Blvd., Beaumont, TX 77710	409-727-8464
	James Eric Morales	314 E. Hutchinson, Suite B, San Marcos, X 78666	512-997-8052
WI	Michael Monahan	2810 N. Bremen St., Milwaukee, WI 53212	414-265-4017

EXHIBIT B
TO THE WKSA, LLC FRANCHISE AGREEMENT
PERSONAL GUARANTY
SEE ATTACHED

PERSONAL GUARANTY

This is a Personal Guaranty Agreement (the "Guaranty") is made between WKSA, LLC, a Texas limited liability company ("Franchisor"), and _____ (the "Guarantor").

WHEREAS, Franchisor executed a Franchise Agreement (the "Franchise Agreement") with _____ (the "Franchisee") effective as of _____, 20____;

WHEREAS, the Guarantor is a shareholder, partner, member or other equity owner, officer, employee or manager of the Franchisee and will receive a direct personal benefit from the Franchise Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Guarantor hereby personally and unconditionally, jointly and severally:

guarantees to Franchisor and each of its respective successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that the undersigned hereby assumes all obligations of "Franchisee" under the Franchise Agreement and shall be personally bound by, and punctually pay and perform, each and every agreement and obligation of the Franchisee set forth in the Franchise Agreement;

agrees to be personally liable for, the breach by Franchisee of each and every provision in the Franchise Agreement; and

agrees that Franchisor need not bring suit first against the Franchisee or any other guarantor in order to enforce the provisions of this Guaranty, and the Franchisor may enforce this guarantee against any or all of the undersigned as it chooses in its sole and absolute discretion.

The Guarantor waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under this Guaranty and/or otherwise and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Franchisor, and the settlement, compromise or adjustment thereof.

The Guarantor further consents and agrees that:

his or her direct and immediate liability under this Guaranty will be joint and several and shall not be relieved or diminished by any release or compromise of any liability of any of the other undersigned or of any party or parties primarily or secondarily liable under the Franchise Agreement, this Guaranty and/or otherwise;

such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to the Franchisee and/or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable;

the liabilities and obligations of the undersigned, whether under this Guaranty or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration, renewal or modification of the Franchise Agreement;

he or she will comply with the obligations of the Franchisee upon termination or expiration of the Franchise Agreement as set forth in the Franchise Agreement; and

the provisions of Article X of the Franchise Agreement are incorporated in and will apply to this Guaranty as if fully set forth herein and shall apply to any dispute involving the Franchisor and the Guarantor; provided that in all events the undersigned agrees to pay all expenses paid or incurred by Franchisor in enforcing the provisions of this Guaranty against the undersigned and in collecting or attempting to collect any amounts due hereunder, including reasonable attorneys' fees.

Guarantor acknowledges that the Franchisor accepted the Franchisee with the condition that this Guaranty be executed by some or all of the stockholders or equity owners of the Franchisee and that all of the stockholders or equity owners be individually liable for all obligations under the Franchise Agreement. Each Guarantor represents that it will receive a direct or indirect benefit from the Franchise Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement to be effective as of the date signed by the Franchisor.

GUARANTOR:

(Signature)

(Print Name)

FRANCHISOR:
WKSA, LLC

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C
TO THE WKSA, LLC FRANCHISE AGREEMENT
INITIAL AND ANNUAL FEES
SEE ATTACHED

INITIAL AND ANNUAL FEES

Full-Time Franchised School

The Initial Franchise Fee for a Full-Time Franchised School shall be Twenty Thousand Dollars (\$20,000).

Franchisees operating a Full-Time Franchised School shall pay an Annual Fee equal to Two Hundred Dollars (\$200.00) per year. The first Annual Fee shall be due on the Effective Date. Thereafter, the Annual Fee shall be paid on the same date each year until the expiration of the Initial Term.

Upon the expiration of the Initial Term and any successive term the Annual Fee shall be payable at the option of the Franchisee either:

in three (3) payments of Two Hundred Dollars (\$200.00) with payments beginning on the effective date of the applicable term (a "Renewal Date") and continuing on the same date each year thereafter; or

in one lump sum of Six Hundred Dollars (\$600.00) payable within sixty (60) days from the applicable Renewal Date.

Part-Time or Club Franchised School

The Initial Franchise Fee for a Part-Time or Club Franchised School shall be Four Thousand Dollars (\$4,000).

Franchisees operating a Part-Time or Club Franchised School shall pay an Annual Fee equal to Two Hundred Dollars (\$200.00) per year. The first Annual Fee shall be due on the Effective Date. Thereafter, the Annual Fee shall be paid on the same date each year until the expiration of the Initial Term.

Upon the expiration of the Initial Term or any successive term the Annual Fee shall be payable at the option of the Franchisee either:

in three (3) payments of Two Hundred Dollars (\$200.00) beginning on the effective date of the applicable term (a "Renewal Date") and continuing on the same date each year thereafter; or

in one lump sum of Six Hundred Dollars (\$600.00) payable within sixty (60) days from the applicable Renewal Date.

Transient School

The Initial Franchise Fee for a Transient School shall be One Thousand Hundred Dollars (\$1,000).

Franchisees operating a Transient School shall pay an Annual Fee equal to Two Hundred Dollars (\$200.00) per year. The first Annual Fee shall be due on the Effective Date. Thereafter, the Annual Fee shall be paid on the same date each year until this Agreement terminates or expires.

EXHIBIT D
TO THE WKSA, LLC FRANCHISE AGREEMENT
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
SEE ATTACHED

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS AGREEMENT is made by and between WKSA, LLC, a Texas limited liability company, with its corporate headquarters office at 37937 FM 1774 Road, Magnolia, Texas 77355 (the “Franchisor”), and _____ with an address of _____ (the “Related Party”).

WHEREAS, the Franchisor is the owner and developer of a unique and exclusive method for teaching martial arts and operating martial arts schools;

WHEREAS, the Franchisor has developed and uses the name “Kuk Sool Won” and associated service marks, designs, and symbols in the design and appearance of its schools (collectively referred to as the “Marks”), identifying the goodwill which the Franchisor has developed in connection with the operation of Kuk Sool Won Schools (all of which is hereinafter referred to as the “System”);

WHEREAS, the Franchisor and _____ (the “Franchisee”) have entered into a Franchise Agreement (the “Franchise Agreement”) providing for the use by Franchisee of the System as further provided for and limited by the Franchise Agreement;

WHEREAS, the Franchisor has provided and will continue to provide the Franchisee with valuable proprietary information, including, but not limited to methods, strategies and techniques relating to the System;

WHEREAS, the Franchisor would not have provided the proprietary information had the Franchisee not entered into the Franchise Agreement which provides that the Franchisee shall have its shareholders, members, partners or other interest holders, officers and managerial level employees adopt this Confidentiality and Non-Competition Agreement;

WHEREAS, the Related Party is a shareholder, partner, member or other interest holder, officer, employee or manager of the Franchisee and has knowledge, or will have knowledge of Franchisor's proprietary information; and

WHEREAS, the Related Party will receive a direct personal benefit from Franchisor granting the Franchisee a franchise to operate a Kuk Sool Won School (a “School”) and the Related Party acknowledges that the proprietary information has substantial economic value and the Franchisor would suffer economic injury if the undersigned were to reveal or utilize this information in a manner unauthorized by Franchisor.

IN CONSIDERATION of these premises, and the conditions stated herein, the parties agree as follows:

1. Purpose of Agreement. The Franchisor is placing the Franchisee in a position of trust and confidence by allowing it to utilize the System in accordance with the Franchise Agreement. As a precondition of the grant of the right to own and operate a School, the Franchisor desires to receive from the Franchisee (i) an agreement from the Related Party not to disclose certain information relating to the Franchisor's business, (ii) an agreement from the Related Party not to compete against the Franchisor or other Schools for a certain period of time, and (iii) an agreement from the Related Party concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. Franchisor Ownership of Materials. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes,

data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including the Procedures and the goodwill associated with them, which in any way relate to the Franchisor's past, present or potential business or which were prepared or received by the Franchisee as a franchisee of the Franchisor and a participant in the System (hereinafter collectively referred to as "Confidential Information") are the exclusive property of the Franchisor. The Related Party agrees to deliver to the Franchisor all copies of such materials including the Related Party's own personal work papers, which are in the Related Party's possession or under the Related Party's potential control at the request of the Franchisor or, in the absence of such a request, upon the termination of the Franchise Agreement.

3. Confidential Information. The Related Party acknowledges that the Franchisor's Confidential Information is a valuable and unique asset which the Related Party holds in trust for the Franchisor's sole benefit. Related Party shall not disclose to any person, corporation or other entity for any reason, any of the Franchisor's Confidential Information, without the prior written consent of the Franchisor.

4. Trade Secrets. The Related Party acknowledges that the Franchisor's Confidential Information and its methods and techniques of operation, merchandising, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Procedures, are uniquely valuable to the Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets").

In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a School, the Related Party agrees, at all times while a franchisee of the Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of the Franchisor's Trade Secrets, to use them solely for the benefit of the Franchisor's or Franchisee's business, and to refrain from disclosing or making available the Trade Secrets to any third party without the prior written consent of the Franchisor. The Related Party further agrees to take all reasonable security measures to ensure that the Related Party's employees comply with this Agreement and such other security measures as are reasonably requested by the Franchisor to prevent accidental disclosure.

5. Assignment of Inventions. All ideas, improvements, processes, names and enhancements to the System or which relate to or are useful to the Franchisor's business which the Related Party, alone or with others, may invent, discover, make or conceive ("Inventions") are the exclusive property of the Franchisor, and the Related Party shall promptly and fully disclose them to the Franchisor. At any time, at the Franchisor's request and expense, the Related Party shall, without further compensation: (i) promptly record such Inventions with the Franchisor; (ii) execute any assignments and other documents the Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist the Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by the Related Party that as the natural result of the Franchisee's participation in the System as a franchisee of the Franchisor, Related Party will gain access to the Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of the Franchisor's customers and vendors. The Related Party acknowledges that the Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for the Franchisee's participation in the System as a franchisee of the Franchisor, the Related Party agrees

that during the term of the Franchise Agreement and for two (2) years after termination or expiration of the Franchise Agreement, the Related Party shall not:

a. Engage, employ or compensate or seek to employ any person who, is at that time, engaged, operating or employed by the Franchisor or at any other School, or to otherwise directly or indirectly induce such person to leave his or its employment thereat;

b. Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, limited liability company, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any enterprise which directly or indirectly competes with or is the same or substantially similar to the franchise covered by the Franchise Agreement, or which is involved in teaching any form of martial arts or the operation of martial arts schools within the "Minimum Area of Competition". The "Minimum Area of Competition" shall be deemed to be that area which is within a radius of twenty five (25) miles from any other School in operation on the effective date of termination or expiration, whether franchised or company-owned, including, but not limited to, the Licensed Location.

7. Enforcement.

a. Injunction. The Related Party understands and agrees that the Franchisor will suffer irreparable harm if Related Party breaches any of Related Party's obligations under this Agreement, and that monetary damages shall be inadequate to compensate the Franchisor for any such violation. Accordingly, the Related Party agrees that in the event Related Party violates or threatens to violate any of the provisions of this Agreement, the Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by the Related Party or by any or all of the Related Party's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with the Related Party. The Related Party consents to the seeking of the injunction as being a reasonable measure to protect the Franchisor's rights.

b. Jurisdiction. The Related Party agrees that any lawsuit brought by the Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the State of Texas, County of Harris, and the Related Party agrees and consents to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court, regardless of Related Party's residency at the time such suit is filed. Any lawsuit brought against the Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of the Related Party within this time period shall serve to bar any rights the Related Party may have against the Franchisor or its officers, directors and agents.

c. Costs. The Related Party further agrees that if he acts in any manner which causes the Franchisor to seek any form of judicial relief or remedy against Related Party, and the court determines the Related Party has or is violating any of the provisions of this Agreement, the Franchisor, in addition to its other remedies, shall be entitled to recover from the Related Party all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. The Related Party has read and considered carefully the provisions of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of the Franchisor, its business and its officers, directors and employees. The Related Party further agrees that the restrictions set forth in this Agreement shall not impair Related Party's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

a. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Related Party agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect the Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, the Related Party agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, the Related Party agrees that a breach or alleged breach by the Franchisor of any obligation owed by the Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

b. This Agreement was entered into and shall be governed by the laws of the State of Texas without regard to its conflicts of law principles.

c. No delay or failure by the Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

d. In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.

e. The rights and obligations of the Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of the Franchisor and any future successors and assigns of the Franchisor.

f. No modification of this Agreement shall be valid unless it is in writing and signed by both the Related Party and an authorized representative of the Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by the Related Party and the Franchisor to supersede and replace any prior agreements on these issues between the parties.

g. Capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement which shall be deemed incorporated herein by reference.

h. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

IN WITNESS WHEREOF, the Franchisor and the Related Party attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement to be effective as of the date signed by Franchisor.

FRANCHISOR:

WKSA, LLC

By: _____
Name: _____
Title: _____
Date: _____

RELATED PARTY:

(Signature)

(Print Name)

**AMENDMENT TO WKSA, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The WKSA, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and WKSA, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning termination, transfer or non-renewal of the Agreement. The Federal Bankruptcy Code also provides rights to You concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. You are required in the Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.

c. The Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. The Agreement contains covenants not to compete and non-solicitation which extends beyond the expiration or termination of the Agreement, such covenants may be unenforceable under California law.

e. The Agreement requires litigation, arbitration or mediation to be conducted in Harris County, Texas, which may be unenforceable under California law.

f. The Agreement requires that it be governed by the laws of the State of Texas which may be unenforceable under California law.

g. Article II of this Agreement is hereby amended to state that the initial franchise fee and all other payments due to Franchisor before Franchisee opens for business will be deferred until Franchisor satisfies all of its pre-opening obligations to Franchisee and Franchisee opens for business.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. 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 laws, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

As Franchisor:

WKSA, LLC

By: _____
Name: _____
Title: _____

As Franchisee:

By: _____
Name: _____
Title: _____

**AMENDMENT TO WKSA, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The WKSA, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and WKSA, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to You concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act shall control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in this Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, this Agreement may provide for arbitration in a venue outside the State of Illinois.

d. This Agreement requires that it be governed by a state’s law, other than the State of Illinois. However, Illinois law shall control and govern this Agreement.

e. Article II of this Agreement is hereby amended to state that the initial franchise fee and all other payments due to Franchisor before Franchisee opens for business will be deferred until Franchisor satisfies all of its pre-opening obligations to Franchisee and Franchisee opens for business.

f. The last sentence of Section 11.1 of this Agreement is void with respect to claims under the Illinois Franchise Disclosure Act and is hereby deleted in its entirety pursuant to Section 41 of the Illinois Franchise Disclosure Act.

g. Section 12.23 of this Agreement is hereby amended to state that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

As Franchisor:

WKSA, LLC

By:_____

Name:_____

Title:_____

As Franchisee:

By:_____

Name:_____

Title:_____

**AMENDMENT TO WKSA, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The WKSA, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and WKSA, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MARYLAND MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§ 14-201 – 14-233 (2004 Repl. Vol. & 2006 Supp.). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

b. This Agreement requires litigation to be conducted in a forum other than the State of Maryland. The requirement shall not be interpreted to limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.

c. 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.

d. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. Any limitation of claims provisions in this Agreement will not act to reduce the 3 year statute of limitations afforded you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

e. 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.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

WKSA, LLC

By: _____
Name: _____
Title: _____

As

Franchisee:

By: _____
Name: _____
Title: _____

**AMENDMENT TO WKSA, LLC
FRANCHISE AGREEMENT AND DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

The WKSA, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and WKSA, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that Franchisee’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Proprietary Marks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

b. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that Franchisee be given written notice of Franchisor’s intention not to renew 180 days prior to expiration of the franchise and that Franchisee be given sufficient opportunity to operate the franchise in order to enable Franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

c. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases, that Franchisee be given 90 days notice of termination (with 60 days to cure). If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

d. If the Agreement and/or the Disclosure Document requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

e. If the Agreement and/or the Disclosure Document requires that it be governed by a state’s law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

If the Agreement and/or the Disclosure Document requires Franchisee to sue Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. As such, the disclosure in risk factor 1 on the State Cover Page of the Disclosure Document that the Agreement requires Franchisee to sue outside the State of Minnesota is not applicable because of the Franchise Act.

Minnesota Statutes, Section 80C.21 and Minn. Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreement(s) can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with Minnesota Statutes or the Minn. Rule, the provisions of the Agreement and/or the Disclosure Document shall be superseded by the Minnesota Statutes' and the Minn. Rule's requirements and shall have no force or effect.

g. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore the Agreement and Items 5 and 7 of the Disclosure Document are amended so that all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Each provision of this Agreement and/or the Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

As Franchisor:

WKSA, LLC

By: _____
Name: _____
Title: _____

As Franchisee:

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

As Franchisor:

WKSA, LLC

By: _____

Name: _____

Title: _____

As Franchisee:

By: _____

Name: _____

Title: _____

**AMENDMENT TO WKSA, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The WKSA, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and WKSA, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Department requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Sections 51-19-01 through 51-19-17 and the policies of the State of North Dakota Securities Commission. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. This Agreement requires litigation to be conducted in a forum other than the State of North Dakota. Pursuant to the North Dakota Franchise Investment Law, any provisions requiring Franchisee to consent to the jurisdiction of the courts outside North Dakota (Section 12.8) or to consent to the application of laws of a state other than North Dakota (Section 12.7) is void.
 - b. The provisions of this Agreement concerning waiver of trial by jury (Section 12.23) are unenforceable to the extent that these provisions conflict with North Dakota law.
 - c. The provisions of this Agreement concerning waiver of exemplary or punitive damages (Section 12.16) are unenforceable to the extent that these provisions conflict with North Dakota law.
 - d. The provisions of this Agreement that require Franchisee to consent to a limitation of claims (Section 12.19) are unenforceable to the extent that they conflict with North Dakota law. In that case, the statute of limitations under North Dakota law will apply.
 - e. The requirement that the Franchisee sign a release upon renewal of the Agreement (Section 1.3(h)) is unenforceable to the extent that it conflicts with North Dakota law.
 - f. The covenant not to compete contained in the Agreement (Section 9.3) is generally considered unenforceable in the State of North Dakota, except in certain instances as provided by North Dakota law.
 - g. Notwithstanding the provisions of Section 10.3 of the Agreement, pursuant to the North Dakota Franchise Investment Law, arbitration proceedings may take place at a location mutually agreed upon between Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on _____, 20____.

As Franchisor:

WKSA, LLC

By: _____

Name: _____

Title: _____

As Franchisee:

By: _____

Name: _____

Title: _____

EXHIBIT C

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

CLUB FRANCHISED SCHOOL ADDENDUM

SEE ATTACHED

**CLUB FRANCHISED SCHOOL ADDENDUM TO
WKSA, LLC FRANCHISE AGREEMENT**

WKSA, LLC (“**Franchisor**”) and _____ (“**Franchisee**”) are entering into a Franchise Agreement (“**Agreement**”) effective contemporaneously herewith and desire to supplement and amend certain terms and conditions of such Agreement by this Club Franchised School Addendum to WKSA, LLC Franchise Agreement (“**Addendum**”). Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Agreement. The parties agree that the Agreement shall be amended as follows:

1. Definition of Licensed Location. The Licensed Location shall mean the _____ Facility (the “Tied Facility”) located at _____.

2. Definition of Territory. The defined term “Territory” shall be changed to mean the Tied Facility.

3. Exclusivity. The last sentence of Section 1.7 of the Agreement shall be replaced in its entirety with the following:

If the Franchisor approves the relocation of the School from the Licensed Location set forth in Section 1.1 (as amended herein), the Franchisee’s exclusive Territory shall be the new Licensed Location of the Tied Facility.

4. Inconsistent Terms. To the extent of any inconsistency between this Addendum and the Agreement, this Addendum shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Club Franchised School Addendum to be executed by the undersigned thereunto duly authorized effective as of the _____ day of _____, 20____.

As Franchisor:

WKSA, LLC

By: _____

Name: _____

Title: _____

As Franchisee:

(A) if franchisee is an individual:

Printed Name: _____

(B) if franchisee is an entity:

(name of entity)

By: _____

Name: _____

Title: _____

EXHIBIT D

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

TRANSIENT SCHOOL ADDENDUM

SEE ATTACHED

**TRANSIENT SCHOOL ADDENDUM TO
WKSA, LLC FRANCHISE AGREEMENT**

WKSA, LLC (“**Franchisor**”) and _____ (“**Franchisee**”) are entering into a Franchise Agreement (“**Agreement**”) effective contemporaneously herewith and desire to supplement and amend certain terms and conditions of such Agreement by this Transient School Addendum to WKSA, LLC Franchise Agreement (“**Addendum**”). Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Agreement. The parties agree that the Agreement shall be amended as follows:

1. Definition of Licensed Location. The Licensed Location shall mean the _____ Facility (the “Tied Facility”) located at _____.

2. Definition of Territory. The defined term “Territory” shall be changed to mean the Tied Facility.

3. Exclusivity. The last sentence of Section 1.7 of the Agreement shall be replaced in its entirety with the following:

If the Franchisor approves the relocation of the School from the Licensed Location set forth in Section 1.1 (as amended herein), the Franchisee’s exclusive Territory shall be the new Licensed Location of the Tied Facility.

4. Inconsistent Terms. To the extent of any inconsistency between this Addendum and the Agreement, this Addendum shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Transient School Addendum to be executed by the undersigned thereunto duly authorized effective as of the _____ day of _____, 20____.

As Franchisor:

WKSA, LLC

By: _____
Name: _____
Title: _____

As Franchisee:

(A) if franchisee is an individual:

Printed Name: _____

(B) if franchisee is an entity:

_____ (name of entity)

By: _____
Name: _____
Title: _____

EXHIBIT E

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF PROCEDURES

SEE ATTACHED

**Table of Contents of Procedures
As of January 1, 2010**

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Exhibit A Tournament Rules

Exhibit B Member Handbook

Exhibit C Black Belt Handbook

EXHIBIT F

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

SEE ATTACHED

Independent Auditor's Report

WKSA, LLC

For the 3 Years Ended
December 31, 2022, 2021, 2020

February 28, 2023

By Henry S Chang, CPA



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HS Chang Accountancy Corp

Certified Public Accountants

Tel: (415) 421-7266 Fax: (415) 421-4314 Email: cpa@hchangcpa.com

San Francisco Office

870 Market Street, Suite 976

San Francisco, CA 94102

Santa Clara Office

5201 Great America Parkway, Suite 320

Santa Clara, CA 95054

INDEPENDENT AUDITOR'S REPORT

To the Member

of WKSA, LLC

Opinion

We have audited the accompanying financial statements of WKSA, LLC (a Texas LLC), which comprise the balance sheets as of December 31, 2022, 2021, 2020, and the related statements of income, retained earnings, and cash flows for the years 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 WKSA, LLC as of December 31, 2022, 2021, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WKSA, LLC'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 WKSA, LLC'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.



HS Chang Accountancy Corp
San Francisco, CA
February 28, 2023

WKSa, LLC
Balance Sheets

As of December 31, 2022, 2021, and 2020

	2022	2021	2020
ASSETS			
CURRENT ASSETS			
CASH	4,724	7,566	3,321
TOTAL CURRENT ASSETS	4,724	7,566	3,321
OTHER CURRENT ASSETS			
TRANSFER TO GAYAWON	2,250	2,250	2,250
TRANSFER TO WORLD KUK SOOL	2,000	2,000	2,000
TOTAL OTHER CURRENT ASSETS	4,250	4,250	4,250
FIXED ASSETS			
FURNITURES & EQUIPMENTS	1,000	1,000	1,000
ACCUM. DEPRECIATION	(1,000)	(1,000)	(1,000)
TOTAL FIXED ASSETS	-	-	-
OTHER ASSETS			
SECURITY DEPOSIT	-	2,100	2,100
TOTAL OTHER ASSETS	-	2,100	2,100
TOTAL ASSETS	8,974	13,916	9,671
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
ACCRUED EXPENSES	500	-	-
DEFERRED REVENUE	8,015	12,767	5,128
PAYROLL TAX PAYABLE	42	2,926	1,328
TOTAL CURRENT LIABILITIES	8,557	15,693	6,456
TOTAL LIABILITIES	8,557	15,693	6,456
MEMBER'S EQUITY			
MEMBER'S EQUITY	417	(1,776)	3,215
TOTAL EQUITY	417	(1,776)	3,215
TOTAL LIABILITIES AND EQUITY	8,974	13,916	9,671

See accompanying notes and independent auditor's report.

WKSA, LLC
Income Statements
Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
REVENUE			
REVENUE	79,100	53,174	43,015
TOTAL REVENUE	<u>79,100</u>	<u>53,174</u>	<u>43,015</u>
GENERAL & SELLING EXPENSES			
ACCOUNTING SERVICES	7,920	6,449	7,930
ADVERTISING	-	-	-
BANK CHARGES	-	-	31
DEPRECIATION	-	-	-
LEGAL & PROFESSIONAL FEES	13,123	4,560	5,024
MEALS & ENTERTAINMENT	-	-	-
MERCHANT FEE	1,905	1,613	1,227
OFFICE EXPENSE	-	-	-
OUTSIDE SERVICE	-	-	-
PENALTY	-	-	-
POSTAGE	-	-	111
PRINTING	-	-	-
RENT	6,800	8,400	8,400
REPAIR & MAINTENANCE	-	-	-
SUPPLIES - GENERAL			
TAX - PAYROLL	3,283	2,537	1,409
TELEPHONE	1,024	1,119	1,093
UTILITIES	853	1,242	-
WAGES	<u>42,000</u>	<u>32,246</u>	<u>17,500</u>
TOTAL GENERAL & SELLING EXPENSES	<u>76,907</u>	<u>58,165</u>	<u>42,724</u>
 NET INCOME (LOSS)	 <u>2,193</u>	 <u>(4,991)</u>	 <u>291</u>

See accompanying notes and independent auditor's report.

WKSA, LLC
Statements of Changes in Member's Equity
Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
	IN HYUK SUH	IN HYUK SUH	IN HYUK SUH
Beginning Member's Equity	(1,776)	3,215	6,042
Add: Contributions to Equity			
Net Income for the year	<u>2,193</u>	<u>(4,991)</u>	<u>(2,827)</u>
Less: Drawings			
Ending Member's Equity	<u><u>417</u></u>	<u><u>(1,776)</u></u>	<u><u>3,215</u></u>

See accompanying notes and independent auditor's report.

WKSA, LLC
Statements of Cash Flows
8
Years Ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:			
Net Income / (Loss)	2,193	(4,991)	291
Adjustments to reconcile net income to net cash			
Depreciation	-	-	-
Net Cash provided by Operating Activities before Changes in Operating Assets and Liabilities	<u>2,193</u>	<u>(4,991)</u>	<u>291</u>
Decrease/Increase of Accounts Receivable	-	-	-
Increase/Decrease of Transfer	-	-	-
Increase/Decrease of Refundable Deposit	-	-	-
Increase/Decrease of Accrued Expenses	500	-	-
Increase/Decrease of Deferred Revenue	(4,752)	7,639	(963)
Increase/Decrease of Payroll Tax Payable	(2,883)	1,598	(656)
Net Cash provided by Operating Activities	<u>(4,942)</u>	<u>4,245</u>	<u>(1,328)</u>
Cash Flow from Financing Activities:			
Member's Equity	-	-	(3,118)
Net Cash provided by Financing Activities	<u>2,100</u>	<u>-</u>	<u>(3,118)</u>
NET CASH FLOW	<u>(2,842)</u>	<u>4,245</u>	<u>(4,446)</u>
Cash at Beginning of Year	7,566	3,321	7,767
Cash at End of Year	<u><u>4,724</u></u>	<u><u>7,566</u></u>	<u><u>3,321</u></u>

See accompanying notes and independent auditor's report.

WKSA, LLC
Notes to Financial Statements
December 31, 2022-2020

Note 1 - Summary of significant accounting policies;

1-a. Date of Management's Review

- The management has evaluated subsequent events through February 28, 2023, the date on which the financial statements were available to be issued.

1-b. Nature of Operation

- The entity has provided its martial art service in Texas since 8/27/2007.
- The entity is a Limited Liability Company, thus the member's liability is limited.
- The entity has a single member, In Hyuk Suh. He owns 100% of the interest in the Limited Liability Company.
- The entity has 91 franchisees as of December 31, 2022.

1-c. Accounting Method

- The entity maintains its record on the accrual basis of accounting.

1-d. Use of Estimates

- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1-e. Cash Equivalents

- For purposes of the statement of cash flows, the entity considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

1-f. Fair Value of Financial Instruments

- The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued expenses approximate carry value, principally because of the short maturity of those items. Investments in marketable equity securities are carried at quoted market value. The fair values of capitalized lease obligations approximate carrying value based on their effective interest rates compared to current market rates. Estimated fair values of the entity's long-term notes payable, convertible notes payable, exchangeable redeemable preferred stock, and cumulative convertible redeemable preferred stock, which were calculated based upon quoted market prices.

1-g. Accounts Receivable

- Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

See accompanying notes and independent auditor's report.

WKSA, LLC
Notes to Financial Statements
December 31, 2022-2020

1-h. Concentration of Credit Risk

- Financial instruments that potentially subject the entity to significant concentration of credit risk consist primarily of cash, cash equivalents, marketable debt securities, accounts receivable, and derivative financial instruments. The primary focus of the entity's investment strategy is to preserve capital and meet liquidity requirements. A large portion of the entity's cash is deposited to a main bank account insured.

1-i. Charging off Uncollectible Receivables

- Bad debts are provided on the allowance methods based on historical experience and management's evaluation of outstanding accounts receivable at the end of the year. Any bad debts are written off and expensed in the period such amounts are determined to be uncollectible.

1-j. Fixed Assets

- Fixed assets are stated at cost and depreciation is provided on MACRS methods over the expected useful lives of the related assets.

1-k. Revenue Recognition

- Revenues, which are all franchise revenues, include franchise fees, royalty fee, annual fee, renewal fee, membership fees and other fees paid by franchisees. Franchise fees are recognized as revenue in straight-line over the expected life of the franchisee, which has been determined to be until the date of renewal of the franchise agreement which is, as of this date, 3 years. Royalty fee, based on a percentage of gross revenues reported by franchisees, is recognized when consideration is substantially collectable and related performance obligations have been satisfied. A franchisee may pay an annual fee and a renewal fee and renew its franchise for an additional term. Annual fee and renewal fee are recognized as revenue straight-line over one year. Membership fees are recognized when consideration is substantially collectable and related performance obligations have been satisfied. As of December 31, 2022, the financials have been conformed to ASC 606.

1-l. Advertising and Promotion

- The entity expenses advertising and promotion costs as they are incurred and advertising communication costs the first time the advertising takes place.

1-m. Income Taxes

- In lieu of LLC income taxes, the member of the LLC is taxed on the LLC's taxable income. In addition, the state of Texas does not impose state income taxes.

Note 2 - Cash

- The entity maintains its cash balances in one financial institution located in Magnolia, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the entity's all cash balances are insured.

Note 3 - Property & Equipment

- The entity's only depreciable asset, an office furniture, has been depreciated with the method of "200 DB HY" for 7 years from the acquired date of 6/25/2008. There was no depreciation during the year of 2022 since its accumulated depreciation was all of \$1,000.00 as of 12/31/2016. Depreciation expenses were \$97 and \$143 in 2016 and 2015, respectively.

See accompanying notes and independent auditor's report.

WKSA, LLC
Notes to Financial Statements
December 31, 2021-2019

1-h. Concentration of Credit Risk

- Financial instruments that potentially subject the entity to significant concentration of credit risk consist primarily of cash, cash equivalents, marketable debt securities, accounts receivable, and derivative financial instruments. The primary focus of the entity's investment strategy is to preserve capital and meet liquidity requirements. A large portion of the entity's cash is deposited to a main bank account insured.

1-i. Charging off Uncollectible Receivables

- Bad debts are provided on the allowance methods based on historical experience and management's evaluation of outstanding accounts receivable at the end of the year. Any bad debts are written off and expensed in the period such amounts are determined to be uncollectible.

1-j. Fixed Assets

- Fixed assets are stated at cost and depreciation is provided on MACRS methods over the expected useful lives of the related assets.

1-k. Revenue Recognition

- Revenues, which are all franchise revenues, include franchise fees, royalty fee, annual fee, renewal fee, membership fees and other fees paid by franchisees. Franchise fees are recognized as revenue in straight-line over the expected life of the franchisee, which has been determined to be until the date of renewal of the franchise agreement which is, as of this date, 3 years. Royalty fee, based on a percentage of gross revenues reported by franchisees, is recognized when consideration is substantially collectable and related performance obligations have been satisfied. A franchisee may pay an annual fee and a renewal fee and renew its franchise for an additional term. Annual fee and renewal fee are recognized as revenue straight-line over one year. Membership fees are recognized when consideration is substantially collectable and related performance obligations have been satisfied. As of December 31, 2021, the financials have been conformed to ASC 606.

1-l. Advertising and Promotion

- The entity expenses advertising and promotion costs as they are incurred and advertising communication costs the first time the advertising takes place.

1-m. Income Taxes

- In lieu of LLC income taxes, the member of the LLC is taxed on the LLC's taxable income. In addition, the state of Texas does not impose state income taxes.

Note 2 - Cash

- The entity maintains its cash balances in one financial institution located in Magnolia, Texas. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, the entity's all cash balances are insured.

Note 3 - Property & Equipment

- The entity's only depreciable asset, an office furniture, has been depreciated with the method of "200 DB HY" for 7 years from the acquired date of 6/25/2008. There was no depreciation during the year of 2021 since its accumulated depreciation was all of \$1,000.00 as of 12/31/2016. Depreciation expenses were \$97 and \$143 in 2016 and 2015, respectively.

See accompanying notes and independent auditor's report.

WKSA, LLC
Notes to Financial Statements
December 31, 2020-2022

Note 4 - Member's Equity

- The single member of the entity, In Hyuk Suh, owns 100% of the interest in the entity. The member's equity was increased by net income of \$2193.29 during the year of 2022.

Note 5 - Legal & Professional Fees

- The legal & professional fees were occurred since the entity renewed its franchise agreements to related states. The fees were \$13,122.59, \$4559.63 and \$5023.75 in 2022, 2021 and 2020, respectively.

Note 6 - Advertising

- The entity had no advertising expenses in 2022, 2021 and 2020.

Note 7 - Lease Commitment

- The entity conducts its operations from facilities that are leased under a five-year operating lease commencing May 1st, 2022, and terminating April 31st, 2027. There is an option to renew the lease for an additional five years.
- The following is a schedule of future minimum rental payments required under the above operating leases as of December 31, 2022.

<u>Year Ending December 31</u>	<u>Amount</u>
2023	6,000
2024	6,000
2025	6,000
2026	6,000
2027	6,000
	<u>\$ 30,000</u>

- Rental expense amounted to \$6,800 in 2022.

Note 8 - Subsequent Events

- As of February 28, 2023, There is no subsequent event. Subsequent payroll tax payable amounted to \$0.

Note 9 - Franchise Agreements

- Franchisees have an obligation to pay initial fees, royalty fee, annual fee, renewal fee, membership fees and other fees.
- Initial fees consist primarily of franchise fee and application fee. The non-refundable lump sum franchise fee is \$4,000 for part-time franchised school, \$20,000 for full-time franchised school, and \$1,000 for transient school. The non-refundable application fee is \$45 to \$100.
- Royalty fee, based on a percentage of gross sales reported by franchisees, is recognized when collectability is substantially assured. It is 1% of gross sales.
- Annual fee is \$200 for all franchised schools per year.
- Renewal fee is same amount as annual fee for each school. It is payable only if the franchisee elect to renew the franchise agreement in every 3 years. There are little accounts receivables for the renewal fees.
- Membership fees are \$10 to \$50 per student.
- Other fees include training, additional operating assistance, transfer fee, audit, interest, indemnification, and enforcement costs.

See accompanying notes and independent auditor's report.

WKSA, LLC
Notes to Financial Statements
December 31, 2022-2020

Note 10 - Ownership of Franchises

- During 2022, a total of 3 transfer franchisees registered and a total of 4 (four) franchises was left. There are currently 91 franchisees but no franchisor-owned outlets as of December 31, 2022.

See accompanying notes and independent auditor's report.

EXHIBIT G

TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

As of December 31, 2022

State	Name	School Address	Phone Number
AR	Mike Gray	3112 Cavanaugh Ft. Smith, AR 72908	479-649-3542
	Jerry Sallee	University of Arkansas, 5210 Grand Ave. Ft. Smith, AR 72913	479-883-6456
	Tim Nixon	1507 HWY 10 Greenwood, AR 72936	479-806-4066
	Damon Edwards	201 West Martin Street, Jacksonville, AR 72076	501-515-1215
	Jerry Sallee	Baptist Church, 220 Elm Street, Mountainburg, AR 72946	479-883-6456
	Eric Spivey	4106 Honeysuckle, Rogers, AR 72758	479-986-8000
AZ	Terry Heaps	7383 N. Litchfield Rd. #1143, Luke AFB, AZ 85309	623-518-0056
	Terry Heaps	14465 RH Johnson Blvd, Sun City West, AZ 85375	623-518-0056
CA	Tom Brewer	1819 10 th Street, Berkeley, CA 94710	510-540-8070
	Michelle Lane	964 N. Grand Ave, Covina, CA 91724	818-859-2670
	Seyd Saidi	4558 Dublin Blvd., Dublin, CA 94568	925-551-8200
	Gene Gause	1035 11 th Street, Huntington Beach, CA 92648	661-644-6514
	John Santilena	2010 First St., Lincoln, CA 95648	916-253-3801
	David Hespelt	347 1 st Street, Los Altos, CA 94022	650-938-1553
	Kymberly Wadsworth	3755 Schriever Ave, Mather, CA 95655	916-308-6577
	Doug Nguyen	700 Alma St., Menlo Park, CA 94025	650-787-2226
	Dong Nguyen	30 Rollins Road, Millbrae, CA 94030	692-692-5425
	Tony Reyna	127 Argall Way, Nevada City, CA 95959	530-478-1412
	Antony Kinzell	38218 6 th St., E., Palmdale, CA 93550	661-947-3992
	Justin Painter	5690 Motherlode Dr., Placerville, CA 95667	530-642-9031
	Hafez Adle	2135 Roosevelt Ave, Redwood City, CA 94061	650-368-2761
	Debra Taylor	320 Professional Center Dr. Suite 150, Rohnert Park, CA 94928	707-494-1151
	Leora Michelle Goren	25 Lake Street, San Francisco, CA 94118	415-868-5425
	Jorge Liberona	189 Leland Ave., San Francisco, CA 93134	415-298-5360
	Tim Sheehan	1851 Lexington Ave., San Mateo, CA 94402	650-570-5991
	Christopher Wilson	5056 Van Nuys Blvd., Sherman Oaks, CA 91402	818-859-2670
	Nathan Hemmens	13788A Foothill Blvd, Sylmar, CA 91342	818-939-8800
	Rick Cairnes	420 Front St., Wheatland, CA 95692	530-713-2379
	Justin Bunn	618 Cottonwood Street, Woodland, CA 95695	530-406-0618
	Daniel Tejada	236 Bridge St., Yuba City, CA 95991	530-821-2275
CO	Dennis Phelps	447 Avenal Lane, Grand Junction, CO 81507	303-815-7842
DC	Russell Moore	605 Rhode Island Ave., NE Washington DC 20019	301-801-4398
FL	Amado Garcia	259 Tully Street, Bldg 90519, Hurlburt Field, FL 32544	850-543-1986
	Tim Webster	73 Patricia Drive, Palm Coast, FL 32164	315-729-2202
IA	Jeffrey Green	1018 Spruce Hills Dr., Bettendorf, IA 52722	563-505-5289
IL	Sarah Mertens	983 E. Stone Creek Drive, Crystal Lake, IL 60014	630-901-4739
	Ashley Sanchez	415 East Main St., Galesburg, IL 61401	309-342-6222
	Jonathan Kness	1405 North Hunt Club Road, Gurnee, IL 60031	847-962-8600
	Joshua Smith	220 West Side Public Square, Knoxville, IL 61448	309-289-9757
	Randy Timmerman	1135 S. Main Street, Monmouth, IL 61462	309-335-5697
	Michael Yates	122 S. 14 th Street, Pekin, IL 61554	309-346-3466
	Ben Mitchell	5221 N. Big Hollow Road, Peoria, IL 61615	309-692-0144
	Troi Westbrook	1227 Peoria Street, Washington, IL 61571	309-292-7101

IN	Benjamin Klein	3542 Western Ave., Connersville, IN 47331	765-993-8315
	Ken Ring	2190 West White River #B Muncie, IN 47303	765-212-2591
	Gary Phillips	2023 Chester Blvd., Richmond, IN 47374	765-969-3334
LA	Ryan Tardiff	835 Gretna Blvd, Gretna, LA 70053	504-365-0111
	Quan Le	1400 Camp St., New Orleans, LA 70130	504-236-8036
	Francisco Miramontes	1 Drexel Drive, New Orleans, LA 70125	806-577-8006
MA	Kenneth Schalk	386 High Street, Clinton, MA 01510	978-706-1779
MD	Marlin Godfrey	7905 Central Ave, Capitol Heights, MD 20743	202-437-2548
	Darren Fulmore	9411 Whiskey Botton Rd, Laurel, MD 20723	301-509-2030
MI	Gehrik Mohr	26757 John Road, Madison Heights, MI 48071	248-278-6161
	Karl Stolt	1200 Ryan St., Sault Ste., Marie, MI 49783	906-630-1929
MO	George Fleites	998 N. Main St, O'Fallon, MO 63366	636-978-5425
	Jack Harvey	1 East Sutters Mill Rd, St. Peters, MO 63376	636-928-0035
ND	Audrey Kalil	10 Main Street, Williston, ND 58801	612-387-0393
NY	Jason Lee	396 Route 104, Ontario, NY 14519	585-216-2122
	Jason Tetu	54 Weibel Ave, Saratoga Spring, NY 12866	518-581-9969
	Gary Evarts	40181 West Main Street, Williamson, NY 14589	315-589-4066
	Denise Neacosia	11807 West Main Street, Wolcott, NY 14590	315-247-4223
OH	David Pritts	1 Montecello Blvd, Cleveland Heights, OH 4118	216-225-4935
	Robert Williams	9307 State Route 43, Streetsboro, OH 44241	440-336-2833
	Cindy Redolfi	250 N. Cassel Rd, Vandalia, OH 45377	937-836-2149
OK	Mike Grimes	4460 McNarney Ave., Oklahoma City, OK 73145	405-371-5592
	Susan Bruch	1111 SE 9 th St., Pryor, OK 74361	918-824-5943
	Trevor Crouch	2051 Mahaney Ave, Tahlequah, OK 74464	918-457-9440
SC	Daniel Middleton	1107 North Murray Ave., Anderson, SC 29621	864-360-0174
	Cliff Bailey	1725 South Irby Street, Florence, SC 29505	843-665-2100
	Daniel Middleton	1313A Miller Road, Greenville, SC 29607	864-360-0174
	Sarah Gordinier	1085 Old Clemson Hwy, Seneca, SC 29672	864-653-0571
	Toam Phan	5314 Wade Hampton Blvd., Taylors, SC 29687	864-517-8075
TX	Philip Sage	2401 South 7 th , Abilene, TX 79605	325-692-0100
	Franklin Perkins	900 FM 1462, Alvin, TX 77511	281-742-4292
	Darryl Gholston	601 Camp Craft Road, Austin, TX 78746	936-369-1136
	Tim King	6001 W. Williams Cannon, Suite 307, Austin, TX 78749	512-899-8710
	Tommy Nance	2827 N. Alexander, Baytown, TX 77520	281-433-8996
	Raul Sosa III	1601 Alton Gloor Ste 110, Brownsville, TX 78521	956-372-1664
	Ronnie Michael	4414 Cobalt Cross Street, Katy, TX 77493	281-615-3542
	Richard Roper	910 Russell Palmer Rd., Kingwood, TX 77339	281-359-5425
	Joe Foster	32215 Tamine Rd, Magnolia, TX 77354	281-259-6333
	Andrew King	205 N. Murphy Road, Murphy, TX 75094	972-767-9062
	Wendy Herrmann	114 W. Broadway Street, Prosper, TX 75078	469-307-9940
	Robert Kuemmel	1125 Crab River Road, Richmond, TX 77469	832-595-2299
	Daniel Jolly	6812 Bandera Road, San Antonio, TX 78238	210-520-0432
	Frankie Cade	1149 Harry Wurzbach Rd., San Antonio, TX 78209	210-824-5425
	Lawson Plummer	5530 Walzhem Rd., San Antonio, TX 78218	210-599-8211
	Eric Morales	1330 Aquarean Springs Dr., Suite 107, San Marcos, TX 78666	512-997-8052
	Alex Suh	20295 FM 2920, Tomball, Texas 77377	281-255-4321
	Barry Harmon	15230 Hwy 3 Webster, TX 77598	281-486-5425
WA	Fritz Herrmann	751 San Juan Blvd., Bellingham, WA 98226	253-888-0541

EXHIBIT H
TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT
FORMER FRANCHISEE CONTACT INFORMATION

As of December 31, 2022

Names	Last Known Address	Phone Number
Paul Carmody	432 B Main Street Half Moon Bay, CA 94019	650-726-4132
Timothy Seitz	8900 US Hwy 14 Crystal Lake, IL 60012	847-962-8600
Timothy Seitz	4628 Old Grand Ave Gurnee, IL 60031	847-962-8600
Laura Jahsan	717 Sheldon Road Grand Haven, MI 49417	248-515-5024
Steffen Kellogg	800 Transfer Road #34 St. Paul, MN 55104	651-645-1455
Michelle Brasher	1111 SE 9 th Street Pryor, OK 74361	918-344-9483
Chris Pak	4747 FM 1463 Suite #900 Katy, TX 77494	713-231-4632

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

EXHIBIT I
TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA

see attached

ADDENDUM TO THE WKSA, LLC
DISCLOSURE DOCUMENT FOR CALIFORNIA

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

1. The State Cover Page of the Disclosure Document is amended by the addition of the following statement:
 - a. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN THE FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
2. Item 3 is amended to state that no person in Item 2 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.
3. Item 5 is amended to state that the initial franchise fee and all other payments due to us before you open your School will be deferred until we satisfy all of our pre-opening obligations to you and you open for business. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.
4. Item 17 is hereby amended by the addition of the following language to the original language that appears therein:

California Business and Professions Code Sections 20000 through 20043 provide rights to 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.

A provision in the Agreements which states that the agreement terminates on your bankruptcy may not be enforceable under Title 11 USC Section 101.

The Franchise Agreement contains covenants not to compete which extend beyond expiration or termination of the Agreements. These provisions may not be enforceable under California law.

The California Corporations Code, Section 31125 requires Franchisor to give 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 Franchise Agreement requires the application of the laws of Texas. This provision may be unenforceable under California Law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Sec. 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Sec. 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
5. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
6. The Uniform Resource Locator ("URL") for WKSA, LLC is www.kuksoolwon.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

8. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE WKSA, LLC
DISCLOSURE DOCUMENT FOR MARYLAND

1. This Addendum amends Item 5 and Item 17 of the Franchise Disclosure Document. The following provisions will supersede and apply to any franchises offered and sold in the State of Maryland, offered to residents of the State of Maryland and franchises to be operated in the State of Maryland:
 - a. In reference to Item 17 of the Franchise Disclosure Document, the general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law
 - b. In reference to Item 17 of the Franchise Disclosure Document, a provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law.
 - c. In reference to Item 17 of the Franchise Disclosure Document, a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law.
 - d. In reference to Item 17 of the Franchise Disclosure Document, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
2. This Addendum amends Item 5 of the Franchise Disclosure Document. The forgoing provisions will supersede and apply to any franchises offered and sold in the State of Maryland, offered to residents of the State of Maryland and franchises to be operated in the State of Maryland. 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.
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE WKSA, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN**

THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN THE FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION

DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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.

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

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

ADDENDUM TO THE WKSA, LLC
DISCLOSURE DOCUMENT FOR NORTH DAKOTA

1. The State Cover Page of the Disclosure Document is amended by the addition of the following statement:
 - a. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN THE FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

2. Item 17 of the Disclosure Document is amended by the addition of the following statements:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring you to consent to the jurisdiction of the courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

Arbitration proceedings may take place at a location mutually agreed between the parties and that is not remote from your Territory.

You are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

Covenants not to compete are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

Any provision requiring you to consent to the waiver of a trial by jury or to consent to a waiver of exemplary and punitive damages may not be enforceable.

With respect to any limitation of claims, the statute of limitations of North Dakota law applies.

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

EXHIBIT J
TO THE WKSA, LLC FRANCHISE DISCLOSURE DOCUMENT
RELEASE AGREEMENT

see attached

RELEASE AGREEMENT

THIS RELEASE AGREEMENT ("**Release Agreement**") is dated effective as of _____, 20__ between WKSA, LLC, a Texas limited liability company ("**Franchisor**") and _____ ("**Franchisee**").

WHEREAS, Franchisee and Franchisor are parties to a Franchise Agreement effective _____ (the "**Franchise Agreement**") and the Parties now wish to enter into this Release Agreement to release all claims against the Franchisor and others as provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment the parties agree as follows:

1. **Capitalized Terms.** Capitalized terms not defined herein shall have the meaning set forth in the Franchise Agreement.

2. **General Release.** Franchisee, and Franchisee's heirs, successors and assigns, hereby release, acquit and forever discharge WKSA, LLC and its successors and assigns and officers, directors, agents, representatives, parent, subsidiary and affiliated companies (collectively the "**Release Parties**") from all obligations, liabilities, claims, demands, actions and rights of action of any type, kind or nature which they may now have or hereafter have against the Release Parties which arise, or have arisen, out of the Franchise Agreement, other agreements or contractual relations between them, the operation of the School, or the actions of the Release Parties in conjunction therewith, except as to any violation of the franchise law related to disclosure required by the state where the School is located.

3. **Severability.** If at any time any of the provisions of this Release Agreement shall be determined to be illegal, invalid or unenforceable by reason of being vague or unreasonable as to duration, area, scope of activity or otherwise, then this Release Agreement shall be considered divisible (with the other provisions to remain in full force and effect) and the illegal, invalid or unenforceable provisions shall become and be deemed to be immediately amended to include only such time, area, scope of activity and other restrictions as shall be determined to be legal, valid, and enforceable by the court or other authority having jurisdiction over the matter, and the parties hereto expressly agree that this Release Agreement, as so amended, shall be legal, valid and enforceable as though any illegal, invalid or unenforceable provision had not been included herein.

4. **Amendment.** This Release Agreement may be amended, modified or waived but only in a writing signed by the parties hereto.

5. **Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns; provided, that except as expressly provided for herein, no assignment of any rights or obligations hereunder, by operation of law or otherwise, shall be made by Franchisee without the written consent of Franchisor.

6. **Entire Understanding.** This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the release set forth herein and supersedes any and all prior agreements, arrangements and understandings among the parties relating to the subject matter hereof.

7. **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS (EXCLUSIVE OF THE CONFLICT OF LAW PROVISIONS THEREOF).

8. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the undersigned thereunto duly authorized as of the date set forth above.

As Franchisor:

WKSA, LLC

By:_____

Name:_____

Title:_____

As Franchisee:

(A) if franchisee is an individual:

(B) if franchisee is an entity:

_____ (name of entity)

By:_____

Name:_____

Title:_____

Designated Instructor:_____

WKSA, LLC
State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective stated below:

STATE	EFFECTIVE DATE
California	Pending
Indiana	
Maryland	
Michigan	
Minnesota	
North Dakota	
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If WKSA, LLC offers you a franchise, WKSA, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, WKSA, LLC or an affiliate in connection with the proposed franchise sale. Under Michigan or Wisconsin law, WKSA, LLC must provide this Disclosure Document to you at least 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York, Oklahoma or Rhode Island law, WKSA, LLC must provide this Disclosure Document to you at the earlier of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship. Under Iowa law, WKSA, LLC must provide this Disclosure Document to you at the earlier of the first personal meeting or 14 calendar days before you sign any agreement or make any payment to WKSA, LLC or an affiliate.

If WKSA, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

The franchise sellers are Samonim Suk Hui Suh and Master Alex Suh who can be reached at 37937 FM 1774 Road, Magnolia, Texas 77355, (832) 934-1400.

Date of Issuance: March 1, 2023

I have received a WKSA Franchise Disclosure Document dated March 1, 2023. State registration effective dates are listed on the State Registrations page. This Disclosure Document included the following Exhibits:

- A. State Administrators/Agents for Service of Process
- B. Franchise Agreement
- C. Club Franchised School Addendum
- D. Transient School Addendum
- E. Table of Contents of Procedures
- F. Financial Statements
- G. List of Franchisees
- H. List of Franchisees That Have Left the System in the Last Fiscal Year
- I. State Addenda
- J. Release Agreement

Dated: _____

Individually and as an Officer

Of _____

(a _____ Corporation, Partnership, Limited Liability Company)

**Please sign this copy of the receipt, date your signature and retain this page for your records.
WKSA, LLC, 37937 FM 1774 Road, Magnolia, Texas 77355.**

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If WKSA, LLC offers you a franchise, WKSA, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, WKSA, LLC or an affiliate in connection with the proposed franchise sale. Under Michigan or Wisconsin law, WKSA, LLC must provide this Disclosure Document to you at least 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York, Oklahoma or Rhode Island law, WKSA, LLC must provide this Disclosure Document to you at the earlier of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship. Under Iowa law, WKSA, LLC must provide this Disclosure Document to you at the earlier of the first personal meeting or 14 calendar days before you sign any agreement or make any payment to WKSA, LLC or an affiliate.

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- I. State Addenda
- J. Release Agreement

Dated: _____

Individually and as an Officer

of _____

(a _____ Corporation, Partnership, Limited Liability Company)

**Please sign this copy of the receipt, date your signature and return it to:
WKSA, LLC, 37937 FM 1774 Road, Magnolia, Texas 77355.**