

## FRANCHISE DISCLOSURE DOCUMENT



Duff's Franchise Group, Inc.  
a New York corporation  
3651 Sheridan Drive  
Amherst, New York 14226  
(716) 834-6234  
[www.duffswings.com](http://www.duffswings.com)

Duff's Famous Wings restaurants operate dine-in and carry-out restaurants serving chicken wings with proprietary sauces, appetizers, burgers, sandwiches and beverages.

The total investment necessary to begin operation of a Duff's Famous Wings franchise is \$534,655 to \$1,154,575. This includes \$35,250 to \$40,500 that must be paid to the franchisor and/or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 government 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 Jeff Feather at 3651 Sheridan Drive, Amherst, New York 14226 and (716) 834-6234.

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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date: April 3, 2025**



## How to Use This Franchise Disclosure Document

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

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



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

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

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

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

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

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

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

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

## Some States Require Registration

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

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



## Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in New York. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in New York than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the 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 terms 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 six (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 or 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 there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**



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## EXHIBITS

- Exhibit A: List of State Franchise Administrators and Agents for Service of Process
- Exhibit B: Franchise Agreement
- Exhibit C: Financial Statements.
- Exhibit D: Operations Manual Table of Contents
- Exhibit E: List of Current and Former Franchisees
- Exhibit F: State Addenda and Agreement Riders
- Exhibit G: Franchise Disclosure Questionnaire
- Exhibit H: Sample Waiver and General Release
- Exhibit I: State Effective Dates
- Exhibit J: Receipt



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

To simplify the language in this Franchise Disclosure Document, “DFG,” “we,” “us” and “our” means Duff’s Franchise Group, Inc., the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from DFG.

### **The Franchisor**

DFG was formed as a New York corporation on November 30, 2010. Our principal place of business is 3651 Sheridan Drive, Amherst, New York 14226 and we do business under our corporate name and the Marks as described below.

We do not own or operate any businesses of the type being franchised. Other than servicing and selling franchises for Duff’s Famous Wings restaurants, we are not involved in other business activities. We have not offered franchises in any other line of business. We began offering franchises in March 2011.

Our agents for service of process are listed in Exhibit A.

### **Our Parents, Predecessors and Affiliates**

We have no predecessor or parent, but we have two affiliates.

Our affiliate Duff’s Famous Wings Enterprises, Inc., a New York corporation headquartered at our address (“DFW Enterprises”). DFW Enterprises owns the intellectual property related to the Duff’s Famous Wings system, including the Proprietary Marks (described below and in Item 13) and other trade secrets, which it has licensed to us so that we may sub-license them to our franchisees. DFW Enterprises has never offered franchises in this or any other line of business.

Our affiliate WNY Restaurant Systems, Inc., a New York corporation that shares our address (“WNY Affiliate”). WNY Affiliate owns and operates one Duff’s Famous Wings restaurant in Amherst, New York, which has been in operation as a “Duff’s Famous Wings” Restaurant since 1969. WNY Affiliate previously sold licenses to operate Duff’s Famous Wings Businesses.

### **Description of Franchise**

We offer franchises for the right to establish and operate a full-service restaurant operating under the name “Duff’s Famous Wings” offering chicken wings with proprietary sauces, appetizers, burgers, sandwiches, and soft drinks, (“Restaurant” or “Duff’s Famous Wings Business”). You must offer beer and wine at your Restaurant unless we permit you to operate a Duff’s Famous Wings Business that does not offer alcoholic beverages, and you may also choose to offer liquor and other alcoholic beverages. Our menu offerings include proprietary sauces for the wings and a proprietary blue cheese dressing as well as a proprietary Italian sausage sandwich, along with wing soup, turkey burgers, chicken wing dip, “Duff’s Style Roll”, etc... Restaurants offer lunch and dinner menus for dine-in or take-out. We may, but are not required to, grant you the right to provide catering and delivery services, which we will determine on a case-by-case basis. Each Restaurant must designate an experienced kitchen manager (“Head Cook”) approved by us, to supervise the Restaurant’s kitchen staffing, scheduling and training.

The Restaurants operate under the trade name and mark “Duff’s Famous Wings”, and the additional principal service marks, trademarks, trade names, logos, and emblems (“Marks” or “Proprietary Marks”).





Duff's Famous Wings Businesses are generally located in strip centers and free-standing buildings. Restaurants will typically be approximately 3,000 to 5,000 square feet in size.

The Restaurants are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sale and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion.

### **Franchise Agreement**

We offer the right to establish and operate a Restaurant under the terms of a franchise agreement attached as Exhibit B to this Disclosure Document (the "Franchise Agreement"). You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee's Principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us, by you, and those of your Principals. By signing the Franchise Agreement, your Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15).

### **Market and Competition**

The primary market for the products and services offered by the Duff's Famous Wings Business is the general public. The products and services offered by Duff's Famous Wings Businesses are not seasonal. The restaurant market, as a whole, is well-developed and highly competitive and includes retail units, mobile food trucks, and kiosks selling various types of food. You may have to compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised. Many restaurant franchise systems, in particular, have already established national and international brand recognition.

### **Industry Regulations**

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state



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and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant.

You also must offer beer and wine at your Restaurant, and you may choose to also offer liquor and other alcoholic beverages for sale at your Restaurant, unless we permit you to operate a Duff's Famous Wings Business that does not offer alcoholic beverages. You must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Duff's Famous Wings Business. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Duff's Famous Wings Business. You must obtain any applicable real estate permits (*e.g.*, zoning), real estate licenses, liquor licenses and operational licenses.

You must have your license to offer beer and wine before you open the Restaurant. The difficulty and cost of obtaining a beer and wine license, or a full liquor license, and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state "dram shop" laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

Each of your managers and other employees we designate must be ServSafe (or similar) certified. Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or TIPS training.

## **ITEM 2: BUSINESS EXPERIENCE**

### **President and Marketing Director – Joseph D. Duff**

Mr. Duff has served as our President since January 2025 and as our Marketing Director since our inception in November 2010 in Amherst, New York. Mr. Duff oversees promotional endeavors for the group in the US in Amherst, New York. Since May 2010, he has also been Manager for our affiliate, WNY Restaurant Systems, Inc., in Amherst, New York. Between June 2005 and May 2010, Mr. Duff served in various positions for our affiliate, WNY, in both front-of-house and back-of-house positions.

### **Vice President – Gregory T. Duell**

Mr. Duell has been our Vice President in Amherst, New York since January 2025. He has been a partner since February 2015. Mr. Duell is a co-owner of a Duff's franchise in Williamsville, New York where he has been the operating owner since March 2012. Mr. Duell has overseen the training of franchisees since July 2016 and has also headed up our ongoing operations department in Buffalo, New York since July 2016.

### **Treasurer – Jeff Feather**

Mr. Feather has been our Treasurer in Amherst, New York since January 2025. Previously, he served as our President from our inception in November 2010 until January 2025. From January 2010 to



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present he has been President of our affiliate, WNY Restaurant Systems, Inc. headquartered in Amherst, New York, and from January 1991 to January 2010, he was Vice President for WNY Restaurant Systems.

### **Secretary – Kirk Feather**

Mr. Feather has been our Secretary in Amherst, New York since January 2025. He previously served as our Vice President from our inception in November 2010 until January 2025. Since June 2009, he has also been a Member of KFeather5, LLC headquartered in Depew, New York. Mr. Feather is also the owner of a Duff's franchise in Depew, New York, and co-owner of a Duff's franchise in Williamsville, New York.

### **ITEM 3: LITIGATION**

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 Agreement:** You must pay us an initial franchise fee of \$30,000 for the right to establish a single Restaurant under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstances. Except for the discounts listed below, the initial franchise fee is uniform. During our fiscal year ended December 31, 2024, we collected initial franchise fees ranging from \$20,000 to \$30,000. The discounted initial franchise fee was for a franchisee that purchased multiple franchises.

We offer a discount to the initial franchise in the following circumstances: (1) if you are a qualified United States veteran, we will discount the initial franchise fee by 25%; (2) if you are purchasing your second or additional franchise, we will discount the initial franchise fee by 25%; or (3) if you have been employed by us or our affiliates for at least two years, have received above average performance reviews and otherwise meet our criteria, we will discount the initial franchise fee by 50%. If you qualify for multiple discounts, only one discount will be granted.

**New Restaurant Opening Expenses:** We will send a team of our trainers to your Restaurant for between seven and 10 days to assist with your opening. You must reimburse us for the expenses our trainers incur while providing opening assistance, including travel, lodging and meals. We estimate that these costs will be between \$5,250 and \$10,500. This fee is due when you open the Restaurant and is not refundable under any circumstances.



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**ITEM 6: OTHER FEES**

<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee <sup>(2)</sup>	5% of Gross Sales	Payable weekly on Tuesday (unless Tuesday is not a business day, then it is due on the next business day)	Royalty Fees are calculated based on Gross Sales for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account. If you do not report the Restaurant's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee that we debited.
Technology Fee	Not Currently Charged	Payable together with the Royalty Fee	We reserve the right to charge a technology fee to cover the costs of certain technologies and services used in the operation of your Restaurant. This fee may include fees paid to third-party vendors and it may be adjusted to reflect their price increases. You will also be responsible for any increase in fees that result from any third party vendor price increases upgrades, modifications or additional software.
Brand Development Fee	Up to 2% of Gross Sales (not currently charged)	Payable together with the Royalty Fee	We do not currently charge this fee. The Brand Development Fund is described in Item 11. If you do not report the Restaurant's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Brand Development Fee that we debited.
Local Advertising	1% of Gross Sales	Must be spent monthly	You will spend this money directly with your local advertising vendors, less any amount you contribute to a cooperative. All advertising must be approved by us before you use it.

<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Cooperative Advertising <sup>(3)</sup>	As determined by us, between 0% and 1% of Gross Sales	As determined by us	We currently do not have a cooperative but reserve the right to require one to be established in the future. Each Duff's Famous Wings Business that we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. We anticipate that each Duff's Famous Wings franchisee and each Duff's Famous Wings Business that we own will have one vote for each Duff's Famous Wings operated in the designated market. Item 11 contains more information about advertising cooperatives.
Initial Training (For New or Replacement Employees)	Our then-current per person training fee, plus expenses  (Currently \$2,500 per person training fee)	Before Training	Training for the first four people is included in the initial franchise fee. If you request that we provide our initial training program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages.
Additional On-Site Training	Our then-current fee, plus expenses (currently \$350 per trainer per day)	When billed	If you request that we provide additional training at your Restaurant, or if we determine that you need additional assistance, you must pay our daily fee for each trainer we send to your Restaurant, and you must reimburse each trainer's expenses, including travel, lodging and meals.
Interest	18% per annum or the highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts. Interest accrues from the original due date until payment is received in full.



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<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Audit Fee	Cost of audit	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest.
Insufficient Funds Fee	\$100	On demand	Payable if there are insufficient funds in your bank account to pay amounts owed to us or our affiliates. If you incur three insufficient funds fees in any 12-month period, we have the right to terminate your Franchise Agreement.
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us.
Transfer Fee	75% of our then-current initial franchise fee if the transfer is to a new franchisee for the System  50% of our then-current initial franchise fee if the transfer is to an existing franchisee	Upon completion of transfer	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Successor Agreement Fee	\$15,000	When Successor Agreement signed	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	\$7,500	If incurred	To reimburse our costs related to evaluating your request to relocate your Restaurant, including evaluation of a new site.

<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Inspection and Testing Fee	Reimbursement of the costs of our evaluation, but not more than \$2,500	If incurred	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use in your Restaurant. Also, payable if we remove items from your Restaurant for testing and the items do not meet our specifications (see Item 8).
Liquidated Damages	Varies	If incurred	See Note 4.
POS Subscription	\$400 - \$800	Monthly	See Note 7.
Management Fee	\$250 per day plus costs and expenses	If incurred	We may step in and manage your Restaurant in certain circumstances, including your death, disability or prolonged absence. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses.
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement.
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Duff's Famous Wings Business, or for costs associated with defending claims that you used the trademarks in an unauthorized manner.
Insurance	Reimbursement of our costs	If incurred	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf.
Mystery Shopper Service	Up to \$250 per shop, and up to six shops each year	As incurred	See Note 5.



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<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
ServSafe Certification	\$200 per person or the then-current market rate	As needed	Each of your managers and other employees we designate must be ServSafe certified. This fee is payable to the approved supplier.
Gift Cards	\$50	Monthly	Payable to our approved supplier. You must participate in our gift card program where gift cards are offered at each Restaurant and may be redeemed at any Restaurant in the System.
Security Monitoring	\$50-\$200	Monthly	Payable to Security Company. See Note 8.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. All fees expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI, but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.

2. “Gross Sales” means the total of all revenue, income and consideration from the sale of all Duff’s Famous Wings merchandise, products and services to your customers whether or not sold or performed at or from the Restaurant premises, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. If you offer any services, all receipts from these services are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for products or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products or services provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Restaurant being closed as a result of a casualty event or any other reason. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at





the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated \$1,000 in Gross Sales, of which \$200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is \$45 (4.5% x \$1,000). If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct \$200 from the Gross Sales and raise your royalty percentage to 5.625% so that we may collect the same \$45 Royalty Fee ( $\$1,000 - \$200 = \$800 \times 5.625\% = \$45$ ).

3. Cooperatives will include all Restaurants located in a specific geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the cooperative, except that no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote, regardless of the number of Restaurants owned. No Cooperatives have been established as of the date of this Disclosure Document.

4. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, or (c) \$30,000, whichever is higher.

5. We reserve the right to establish a “mystery shop” quality control and evaluation program through a third party. You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement). The mystery shop program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items). If you have three below average or unsatisfactory shop results in any 12 month period, we have the right to terminate your Franchise Agreement. This fee is subject to change by the third party mystery shop provider.

6. You must participate in our gift card program, which allows a gift card that is purchased at any Restaurant to be redeemed at any other Restaurant in the System. We also reserve the right to establish a guest loyalty program in which you would be required to participate. The program details would be entirely at the discretion of the Franchisor.

7. You must subscribe to a POS system we designate, which will allow franchisor to monitor key numbers and gives franchisees mobile access to their store data.

8. You must subscribe to a security monitoring Company and give franchisor access to live video feed of covered premises.



## **ITEM 7: ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>(1)</sup>	\$30,000	\$30,000	Lump Sum	On signing Franchise Agreement	Us
Real Estate Broker Fee <sup>(2)</sup>	\$0	\$6,300	As incurred	As incurred	Real Estate Broker
Lease Deposit <sup>(2)</sup>	\$5,250	\$11,550	As incurred	As incurred	Landlord
Utility Security Deposit <sup>(2)</sup>	\$2,625	\$5,250	As incurred	As incurred	Utility Companies
Rent – 3 Months <sup>(2)</sup>	\$15,750	\$34,650	As incurred	As incurred	Landlord
Architect/Design Fees <sup>(3)</sup>	\$13,650	\$26,250	As incurred	As incurred	Architect or Design Professional
Leasehold Improvements <sup>(4)</sup>	\$210,000	\$525,000	As incurred	As incurred	Contractor
Equipment <sup>(5)</sup>	\$52,500	\$157,500	As incurred	As incurred	Approved Suppliers
Signage <sup>(6)</sup>	\$5,250	\$15,750	As incurred	As incurred	Approved Suppliers
Furniture and Fixtures <sup>(7)</sup>	\$78,750	\$115,500	As incurred	As incurred	Approved Suppliers
Computer Hardware and Software <sup>(8)</sup>	\$1,680	\$2,625	As incurred	As incurred	Approved Suppliers
POS System <sup>(8)</sup>	\$5,250	\$10,500	As incurred	As incurred	Approved Suppliers
Office Equipment and Supplies <sup>(9)</sup>	\$5,250	\$15,750	As incurred	As incurred	Approved Suppliers
Stationery and Initial Marketing Materials <sup>(10)</sup>	\$2,100	\$3,150	As incurred	As incurred	Approved Suppliers
Initial Inventory <sup>(11)</sup>	\$31,500	\$52,500	As incurred	As incurred	Approved Suppliers
Uniforms	\$1,050	\$3,150	As incurred	As incurred	Approved Suppliers
Licenses & Permits <sup>(12)</sup>	\$3,150	\$5,250	As arranged	As incurred	Government Agencies
Professional Fees <sup>(13)</sup>	\$4,200	\$9,450	As incurred	As incurred	Attorney, Accountant
Insurance – Annual Premium <sup>(14)</sup>	\$12,600	\$26,250	As incurred	As incurred	Insurance Companies

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Training Expenses <sup>(15)</sup>	\$12,600	\$25,200	As incurred	As incurred	Airline, Hotel, Restaurants
New Restaurant Opening Expense <sup>(16)</sup>	\$5,250	\$10,500	As incurred	At time of Restaurant opening	Us
Initial Marketing Campaign <sup>(17)</sup>	\$10,000	\$10,000	As incurred	As incurred before the Restaurant opening	Approved Suppliers
Additional Funds – 3 Months <sup>(18)</sup>	\$26,250	\$52,500	As incurred	As incurred	Third Parties
Total	\$534,655	\$1,154,575			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

**Notes:**

1. **Initial Franchise Fee.** The initial franchise fee is discussed in Item 5.
2. **Real Estate.** You may have to pay a broker fee if you hire a real estate professional to assist you in locating a site for your Restaurant.

Our lease deposit estimate assumes that you must pay the landlord one month of rent as a security deposit under the lease. Our utility security deposit estimate includes deposits you may have to give your local utility companies (such as the electric company, gas company and/or telephone company).

If you do not own adequate property, you must lease the property for your business. The typical size for a Restaurant is 3,000 to 5,000 square feet. Our estimates assume that rental costs are from \$13 to \$22 per square foot. The costs will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Restaurant.

Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges (CAM charges) your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Restaurant, your initial investment may be substantially higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.



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3. **Architect/Design Fees.** You may need to engage the services of design professionals, such as an architect, to prepare blueprints, plans and specifications for leasehold improvements to the accepted location to conform with our trade dress requirements. We reserve the right to review and approve all proposed drawings to make sure that they comply with our specifications for Duff's Famous Wings Businesses and presentation of the Proprietary Marks. Our review will not address compliance with any applicable laws, ordinances or building codes. We reserve the right to require you to use a designated design professional to prepare your plans.

4. **Leasehold Improvements.** The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out of the Restaurant and the cost of leasehold improvements. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord. Our estimate does not include any tenant improvement allowance you may negotiate with your landlord. Our estimate assumes that leasehold improvement costs will be between \$35 to \$70 per square foot.

5. **Equipment.** The equipment you will need for your Restaurant includes fryers, grills, hood and fire system, microwave, warmers, refrigerator, freezer, ice machine, worktables, and smallwares. The low end of our estimates assume a 20% down payment on a lease for these items. If you wish to purchase used equipment for your Restaurant, we must approve of the used equipment you wish to purchase.

6. **Signage.** Our estimate includes the cost of exterior signage for your Restaurant. Your landlord or your local ordinances may have different restrictions it places on exterior signage which may affect your costs. Interior signage is included in the estimate for leasehold improvements.

7. **Furniture and Fixtures.** The furniture and fixtures you will need for your Restaurant include décor items, tables, chairs, and visual equipment, including televisions, music system, satellite television and cable television.

8. **Computer Hardware and Software; POS System.** The computer system you must purchase is a desktop computer for your back office operations. We shall designate the POS you must purchase that allows us to access your system. Your costs may be higher if you need to purchase additional POS terminals. Additional information about these systems is included in Item 11.

9. **Office Equipment and Supplies.** Our estimate includes a phone system, sound system, security system, and basic office equipment and supplies.

10. **Stationery and Initial Marketing Materials.** Our estimate includes your initial inventory of business cards, table tents, menus, gift cards and promotional materials.

11. **Initial Inventory.** Our estimate includes your initial inventory of food products, proprietary items, ingredients, beverages, and paper goods, as well as your initial inventory of gift cards.

12. **Licenses and Permits.** Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Restaurant. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.



Our estimate of the costs for permits and licenses does not include a liquor license. Since the availability and expenses of acquiring a wine and beer license or full liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Restaurant before you sign a Franchise Agreement. The cost of a wine and beer license can range from under \$2,000 to over \$100,000, depending on the location and jurisdiction, but can be even higher in some states. The cost of a full liquor license can range from under \$2,000 to over \$300,000, depending on the location and jurisdiction, but can be even higher in some states. We strongly recommend that you verify the cost and availability of a wine and beer license (or full liquor license if you will offer liquor in addition to beer and wine) in your jurisdiction before signing the Franchise Agreement.

**13. Professional Fees.** This estimate includes approximately \$2,500 which will be paid to our corporate accountant setting up your initial accounting system and the associated training with using such software. This must be completed within one (1) month of the franchise agreement execution. You may use your own accountant for initial QuickBooks setup and training. If not completed within a month of franchise agreement execution or in an approved format, you will be required to use our Accountant at your expense.

**14. Insurance – Annual Premium.** Our estimate includes the annual insurance premiums for the required insurance coverages. You must have the insurance that we specify for your Restaurant at all times during the term of your Franchise Agreement. Our insurance requirements are included in Item 8. Depending on your circumstances and your insurance company's practices, you may be able to pay these premiums monthly, quarterly or semi-annually.

**15. Training Expenses.** We provide our initial training program to your first four trainees at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals, and applicable wages for the first four trainees. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The lower end of our estimate assumes that the trainees live within driving distance of our training facility.

**16. New Restaurant Opening Expense.** We will send a team of up to four trainers to assist you in the opening of your Restaurant for a period of seven to 10 days. We will pay our trainers' salaries, but you must reimburse us for the expenses our trainers incur while providing opening assistance, including travel, lodging and meals.

**17. Initial Marketing Campaign.** You must conduct an initial marketing campaign to promote the opening of your Restaurant. We reserve the right to approve all advertisements used in your initial marketing campaign, and we recommend that your campaign be conducted in the six week period that includes two weeks before and four weeks after opening of your Restaurant. We may require that your initial marketing campaign include promotional giveaways.

**18. Additional Funds.** This estimates your initial startup expenses for an initial three-month period, not including payroll costs, and does not include any revenue that your Restaurant may earn in the first three months of operation. These figures are estimates only and we cannot guarantee that you will not have additional expenses starting your business. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Duff's Famous Wings Businesses. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the



franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

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

**Approved Products and Suppliers:** You must purchase or lease and install all fixtures, furnishings, equipment, décor items, signs and related items we require, all of which must conform to the standards and specifications in our Confidential Operations Manual (“Manual”) or otherwise in writing. You must purchase or lease the point of sale or computer system that we require. More specific information about the required point of sale/computer system is included in Item 11. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. You must sell and offer for sale only those menu items, products and services that we have expressly approved for sale in writing. You must offer for sale all products and services required by us in the manner and style we require, including dine-in and take-out. You may not offer catering or delivery services unless and until we have approved you to do so, which we are not required to do. You must not deviate from our standards and specifications without obtaining our written consent first. You must discontinue offering for sale any items, products and services we may disapprove in writing at any time. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or other written methods (such as by e-mail) of any changes in the standards and specifications.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications (see Item 6).

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including computer system and point of sale system), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. We do not make our supplier evaluation criteria available to you or any supplier.

We and our affiliates may derive revenue or other material consideration based on franchisees’ required purchases and leases of various products and equipment from us, our affiliates, and other approved suppliers. Neither we nor any of our affiliates are the sole approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Duff’s Famous Wings Business currently, although we and our affiliates reserve the right to be in the future. During our last fiscal year, ended December 31, 2024, we received \$56,504.82 in revenue from franchisee purchases of hot sauces, which represents 13.5% of our total revenue of \$417,296; however, we did not generate any profit from these purchases by franchisees as the purchase price was passed through without mark-up to franchisees.





Except as stated above, neither we nor our affiliates had any revenues from the sale of required products, services, or leases to franchisees in the last fiscal year. Except as stated above, neither we nor our affiliates received payments from any designated sources from transactions with franchisees. None of our officers own any interest in any approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Duff's Famous Wings Business.

If you wish to purchase, lease, or use any products or other items that we have not yet approved, or purchase or lease from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. You or the proposed supplier must reimburse our costs related to our evaluation (see Item 6). We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you within 45 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make our criteria available to you or to any supplier for product or supplier approval. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.

We have and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks, such as logoed merchandise. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us all of your requirements for those products.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which you must participate.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment, and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants.

We and/or our affiliates may receive payments or other compensation from approved suppliers on account of the suppliers' dealings with us, you, or other Restaurants in the System, such as rebates, commissions, or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate, unless otherwise negotiated with or required by the supplier. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services, and other items at a price that will benefit us and our franchisees. We receive flat fee per gallon rebate from our beverage supplier and a dollar amount per case of products from our food distributor. For the fiscal year ended December 31, 2024 we received rebates totaling \$97,697.04 from our suppliers. \$70,267.10 was refunded to each Restaurant based in proportion



to individual units and quantities bought. We received a total of \$27,429.24 which was the remaining balance after distribution to all units as specified.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 80% to 85% of your total purchases in establishing the Restaurant, and approximately 80% to 90% of your total purchases in the continuing operation of the Restaurant.

When determining whether to grant new or additional franchises we consider many factors, including compliance with the requirements described above.

**Restaurant Location:** You must obtain our approval of the site for the Restaurant before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Restaurant before you sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease with us (Attachment 2 to the Franchise Agreement) which permits that your lease can be assigned to us on expiration or termination of your Franchise Agreement.

**Marketing:** All marketing, advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

**Insurance:** Before you open your Restaurant, you must obtain the insurance coverages we require. Our current insurance requirements are described below. We may modify our insurance requirements during the term of your Franchise Agreement, and any modifications will be communicated to you in our Manual or otherwise in writing. You must comply with any changes we require. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us and which has a rating of at least “A” with A.M. Best Company. All insurance must be on an “occurrence” basis. Our current insurance requirements include:

1. Comprehensive general liability coverage (including bodily injury, personal injury and advertising injury) with limits of not less than \$1,000,000 per occurrence, \$2,000,000 aggregate and \$500,000 to \$1,000,000 damage to rented premises per occurrence.
2. Personal injury insurance with limits of \$1,000,000 per occurrence and \$10,000 per person medical benefits.
3. Specialty coverage to protect against product liability and for any and all damages that could result from injury or death to any person as a result of eating or ingesting any items sold at your Restaurant, with limits of not less than \$1,000,000 per occurrence.
4. Liquor liability coverage of not less than \$1,000,000 per occurrence and \$1,000,000 aggregate.
5. All perils property damage coverage for personal property contained in the Restaurant premises as well as outside (such as signage).



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6. Automobile liability insurance for vehicles used in the Duff's Famous Wings Business, whether owned or non-owned, with limits of not less than \$250,000 and including uninsured and underinsured motorist coverage.

7. Business interruption insurance to recover lost income if your Restaurant is unable to operate for a period of not less than nine months.

8. Money and securities insurance with coverages of at least \$10,000 inside and \$5,000 outside.

9. Workers compensation and employer liability insurance in the amounts required by the laws of the state where the Restaurant is located.

10. Any other insurance that may be required by the terms of your lease or that may be required by us in the future.

You must provide us with a certificate of insurance showing that you have obtained the required coverage at least two weeks before your Restaurant opens and then upon renewal of each policy. All of the policies must name us, those of our affiliates that we specify, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them as additional named insureds and must include a waiver of subrogation in favor of all those parties. If you do not purchase the insurance required then we may, but are not obligated to, purchase insurance on your behalf and you must reimburse us for our costs.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes.

## **ITEM 9: FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Section 2	Items 8 and 11
b. Pre-opening purchases/leases	Sections 6, 7 and 8	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 2	Items 1, 8 and 11
d. Initial and ongoing training	Section 6	Items 5, 6 and 11
e. Opening	Sections 2, 6	Items 5, 6 and 11
f. Fees	Sections 3, 4, 5, 7, 8, 11, 14 and 18	Items 5 and 6
g. Compliance with standards and policies/Manuals	Sections 2, 3, 6, 7, 8, 9, 10, 11 and 12	Items 11 and 14



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<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
h. Trademarks and proprietary information	Sections 9 and 10 and Attachment 4	Items 11, 13 and 14
i. Restrictions on products/services offered	Section 7	Items 8 and 16
j. Warranty and customer service requirements	Section 7	Item 8
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Section 7	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Sections 2, 7 and 14	Items 8 and 11
n. Insurance	Section 12	Items 7 and 8
o. Advertising	Section 8	Items 6, 8 and 11
p. Indemnification	Section 15	Item 6
q. Owner's participation/management/staffing	Sections 6, 14, 15 and 19	Items 1, 11 and 15
r. Records and Reports	Sections 4, 7 and 11	Item 6
s. Inspections and audits	Sections 2, 7 and 11	Items 6, 8 and 11
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 3	Items 6 and 17
v. Post-termination obligations	Section 18	Items 6 and 17
w. Non-competition covenants	Section 10 and Attachment 4	Item 17
x. Dispute Resolution	Section 19	Items 6 and 17
y. Liquidated Damages	Section 18	Item 6
z. Guaranty	Section 6	Items 15

#### **ITEM 10: FINANCING**

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

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

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



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## **Pre-Opening Obligations**

Before the opening of a Restaurant, we (or our designee) will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1.) We will also designate your “Protected Area” (defined in Item 12 below).
2. On loan, one set of prototypical architectural and design plans and specifications for a Restaurant for adaptation by you, at your expense. (Franchise Agreement, Section 5.3.) We reserve the right to require you to use a designated design professional to create your plans. We do not assist you in conforming the premises to local ordinance and building codes, nor do we assist you in obtaining any required permits. We do not assist you in remodeling or decorating your Restaurant.
3. On loan, our Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.4 and 10.1.)
4. A list of our approved suppliers and service providers, which is subject to change during the term of your Franchise Agreement and which may include us or our affiliates. (Franchise Agreement, Sections 5.9 and 7.4.)
5. An initial training program at our headquarters, as described below. (Franchise Agreement, Sections 5.10 and 6.4.)
6. Up to three of our trained representatives for a period of seven to 10 days to provide opening assistance, including on-site pre-opening and opening training, supervision, and assistance. You must reimburse our representative’s costs in providing opening assistance, including travel, lodging and meals. (Franchise Agreement, Section 6.4.) If you are opening your second or later Restaurant, we reserve the right to not provide opening assistance.

## **Post-Opening Obligations**

During the operation of a Restaurant, we (or our designee) will provide the following assistance and services:

1. As we reasonably determine necessary, periodic visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Sections 5.5 and 7.5.6.)
2. Advertising and promotional material templates for in-store marketing and local advertising for the Restaurant at a reasonable cost to you. (Franchise Agreement, Section 5.6.)
3. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, recipes, packaging and preparation. (Franchise Agreement, Section 5.7.)
4. Training programs and seminars and other related activities regarding the operation of the Restaurant as we may conduct for you or Restaurant personnel generally, which may be mandatory for you, your Operating Principal (defined in Item 15 below), Head Cook and/or other Restaurant personnel. (Franchise Agreement, Section 6.4.4.)



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5. At your request, additional on-site training at your Restaurant. You must pay our per diem fee for each trainer providing the training as well as reimburse the trainer's expenses. Our then-current per diem rate per trainer, plus expenses. Our current per diem rate is \$350 (Franchise Agreement, Section 6.4.3.)

6. Administration of the Brand Development Fund. (Franchise Agreement, Section 8.3.)

7. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 9.4.)

8. Determine the maximum prices you may charge, as allowed by law. (Franchise Agreement, Section 7.14)

**Initial Marketing Campaign:** You must conduct an initial marketing campaign announcing the opening of your Restaurant and you must spend at least \$10,000 for this initial marketing campaign in the six week period comprising two weeks before and four weeks after the opening of your Restaurant. We may require that your initial marketing campaign include promotional giveaways. You must submit to us, for our approval, the proposed initial marketing campaign before you conduct the campaign.

**Brand Development Fund:** We reserve the right to establish and administer a Brand Development Fund (the "Brand Development Fund") and charge you up to 2% of Gross Sales of the Restaurant each week, to be paid in the same manner as the Royalty Fee ("Brand Development Fund Contribution"). The Brand Development Fund would be for marketing, developing, and promoting the System, the Marks and Duff's Famous Wings Franchises. Your Brand Development Contribution will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Development Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement.

The Brand Development Fund is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. Any Restaurants operated by us or our affiliates will contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to make sure that any particular franchisee benefits directly or pro rata from the placement of advertising.

2. The Brand Development Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. We may use a portion of the Brand Development Fund to establish and maintain our website. All sums you pay to the Brand Development Fund will be maintained in a separate account. We may reimburse ourselves out of the Brand Development Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Brand Development Fund and advertising



programs for you and the System. The Brand Development Fund and its earnings will not otherwise benefit us. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year.

3. We will prepare an annual statement of the operations of the Brand Development Fund that will be made available to you upon written request. We are not required to have the Brand Development Fund statements audited.

4. Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time. The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Brand Development Fund, we have the right to reinstate it at any time and you must again contribute to the Brand Development Fund.

We currently advertise the Restaurants and the products offered by the Restaurants primarily using point of purchase advertising materials, direct mail, electronic and internet marketing, public relations and promotions, and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper advertising campaigns; and direct mail and outdoor billboard advertising. The majority of our advertising is developed by members of our staff or third-party consultants. We may use national and/or regional advertising agencies as the source for our advertising materials, or we may prepare them in-house. We will not use Brand Development Fund for advertising that is principally a solicitation for the sale of franchises for Restaurants, but we reserve the right to indicate that “franchises are available” or similar phrasing.

**Local Advertising:** You must conduct local advertising in your Protected Area, and you must spend 1% of Gross Sales each month on your local advertising (subject to reallocation as described above). If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your local advertising obligations if first approved in writing by us. We reserve the right to restrict the amount of money paid into a landlord’s marketing fund that can be applied toward your local advertising requirement.

We must approve all advertising before you use it. If you wish to advertise online, you must follow our online policy, which is contained in our Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media and applications. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12 month period must be submitted to us for our approval not later than 14 days before you intend to use it. If we have not disapproved of the proposed advertising materials within seven days after we receive them, the materials are deemed approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising



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placement. If feasible, you may do cooperative advertising with other Duff's Famous Wings franchisees in your area, with our prior written approval.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our website address and telephone number.

**Cooperative Advertising:**

We do not currently have any advertising cooperatives. However, we reserve the right to create local or regional advertising cooperatives in the future. If established, you shall be required to participate in such advertising cooperative that we may require for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member, which will not exceed 1% of Gross Sales. We require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We have the right to form, change, dissolve or merge any advertising cooperative. Your participation in any cooperative must be in compliance with the provisions of the Manual, which we may periodically modify at our discretion. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. Franchisees in each cooperative will contribute an amount to the cooperative for each Duff's Famous Wings Business that the franchisee owns that exists within any cooperative's geographic area. Each Duff's Famous Wings business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees.

**Website / Intranet:** Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Duff's Famous Wings Business, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

**Advisory Council:** We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Duff's Famous Wings Businesses, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. Members of the council will include our representatives and franchisee representatives. The franchisee representatives will be selected by us or elected by other franchisees in the System. If you participate in an advisory council, you must pay all expenses you incur related to your participation, such as travel and living expenses if you must travel to attend council meetings. We do not anticipate forming an advisory council until there are 15 to 20 Duff's Famous Wings Businesses in the System.

**Training:** No later than 30 days before the date the Restaurant begins operation, you, your Operating Principal, General Manager, and Head Cook must attend and complete, to our satisfaction, our initial training program. We provide the initial training program at no cost for up to four attendees, provided





they all attend initial training at the same time. If you are acting as Operating Principal, General Manager, and/or Head Cook, then you may bring additional managers to initial training.

We will conduct this training at our corporate headquarters and/or at our affiliate's Restaurant in Amherst, New York, or at another location we designate. The portion of our training program for management personnel lasts for approximately 24 days. The portion of our training program for your Head Cook lasts approximately seven days. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of Restaurants. Our initial training program is mandatory and must be completed to our satisfaction.

We will provide instructors and training materials for the initial training of your first four trainees at no additional charge, but you must pay the expenses incurred by you and your trainees while attending training. You may also have additional personnel trained by us for the Restaurant, at your expense (see Item 6). We will determine whether you, the Operating Principal, General Manager and/or Head Cook have satisfactorily completed initial training. If you, your Operating Principal, General Manager and/or Head Cook do not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant. Any Operating Principal, General Manager or Head Cook subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that person to the headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training (see Item 6). You must also pay for all expenses you and your personnel incur for any training program, including costs of travel, lodging, meals and applicable wages.

For the opening of the Restaurant, we will provide you with up to three of our trained representatives to provide on-site pre-opening and opening training, supervision, and assistance to you for seven to 10 days around your Restaurant's opening. You must reimburse our representatives' expenses in providing opening assistance, including travel, lodging and meals. If you are opening your second or later Restaurant, we reserve the right to not provide opening assistance.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Restaurant, or if we determine that you need additional on-site training or assistance, you must pay our then-current per diem fee for each trainer we provide, which is currently \$350.00 per diem, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals (see Item 6).

Our training is overseen by Jeff Feather, and Kirk Feather, Greg Duell and Joseph D. Duff who have worked at least 10 years in Duff's Famous Wings restaurants. We reserve the right to draw upon other of our or our affiliate's employees to assist in providing training. Each instructor will have at least two years of experience in their respective area of expertise. The instructional materials used in the initial training consist of our Manual, marketing and promotion materials, programs related to the operation of the point of sale system, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:



## TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History of Duff's Famous Wings	1	0	Williamsville, NY
Use of the Manual	1	0	Williamsville, NY
Tour of Duff's Famous Wings	2	0	Williamsville, NY
Pre-Opening Procedures	2	0	Williamsville, NY
Personnel Issues	2	5	Williamsville, NY
Advertising	4	4	Williamsville, NY
Management Procedures	8	20	Williamsville, NY
Franchise Reporting Requirements	4	4	Williamsville, NY
Accounting/ Record keeping	2	4	Williamsville, NY
Front/Back of House – Manager Duties	4	20	Williamsville, NY
Back of House – Prep/Cook Procedures	4	20	Williamsville, NY
Bartending/Server	6	40	Williamsville, NY
Inventory Management	5	18	Williamsville, NY
POS System	4	18	Williamsville, NY
Cleaning Procedures	2	7	Williamsville, NY
Safety Procedures	3	6	Williamsville, NY
<b>Totals</b>	<b>54</b>	<b>166</b>	

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience of those persons being trained.

In addition to the initial training program and any additional on-site assistance or training you request, as described above, we may offer refresher training programs. Refresher training programs offered by us may include a regional or national franchisee meeting, trade show, or approved education or certification courses. We may designate that attendance at any refresher training program is mandatory for you, your Operating Principal, Head Cook or any other Restaurant personnel, and you may also choose to bring additional persons. We reserve the right to charge a registration fee for each person attending the refresher training session to help pay for the cost of presenting it. You must also pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages. Refresher training programs will be held at a location designated by us but we will not specify an unreasonably expensive location.



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In addition to any refresher training courses that we may offer as described above, you must also comply with any applicable requirement related to ServSafe (or similar) training and certification or alcohol awareness training and certification. These training and certifications will not be included in any refresher training program that we provide.

**Confidential Operations Manual:** The Table of Contents for our Confidential Operations Manual is attached to this Disclosure Document as Exhibit D. Our Manual contains approximately 142 pages.

**Site Selection and Opening:** You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You will select the site for the Restaurant subject to our approval and using our site submittal forms and/or criteria. The Restaurant may not be relocated without first obtaining our written consent. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site.

You must submit information and materials for the proposed site to us for approval no later than four months after you have signed the Franchise Agreement. We will have 30 days after we receive this information and materials from you to approve or disapprove the proposed site as the location for the Restaurant. If we do not provide our specific approval of a proposed site, the site is deemed not approved. Our approval only means that the site meets our requirements for a Duff's Famous Wings Business.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic. We may use these and other factors, including general location and neighborhood, traffic patterns, availability of parking, and ease of access to the location, in our review of your proposed site. If you are unable to locate a suitable site for your Restaurant within four months after you sign the Franchise Agreement, we have the right to terminate your Franchise Agreement.

We estimate that the time from when the Franchise Agreement is signed to the opening of the Restaurant will be approximately six to 10 months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. We will provide you with an equipment list and specifications along with various sources in which to obtain this equipment. We do not supply, deliver or install any equipment. We will also advise you on the appropriate opening inventory prior to opening. We do not supply or deliver any of your opening inventory. You must open the Restaurant and begin business within six months after we approve the location for your Restaurant, unless your opening is delayed due to circumstances beyond your control. If you are unable to open your Restaurant within six months after we approve your location, we have the right to terminate your Franchise Agreement. Once approval is received for the site, you shall plan accordingly around the month of December as no openings shall be allowed within this month.



**Computer and Point of Sale Systems:** You must purchase and use a certain point of sale system and back-office computer system, including hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The back-office computer system and point of sale system may be referred to collectively as the “computer system.” The computer system is used to collect and monitor point of sale information and to create business reports, and may be used to process sales, payroll, gift cards and loyalty program, on-line orders and credit card processing. You may choose to purchase additional software modules that will help you with inventory control.

The computer system is designed to enable us to have independent and immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed telecommunication line (such as T-1, DSL or cable modem) in accordance with our specifications to permit us to access the point of sale (or other computer hardware and software) at the Restaurant premises as described above. This will permit us to electronically inspect and monitor information concerning your Restaurant’s Gross Sales and any other information that may be contained or stored in the computer system. You must make sure that we have access at the times and in the manner we specify, at your cost.

You must purchase the point of sale system that we specify. Our specific requirements will be included in our Manual. You may purchase the point of sale system from any authorized seller, unless we specify that you must use a specific supplier. We expect that the point of sale system will cost between \$5,000 and \$10,000, and your back office computer will cost between \$1,600 and \$2,000. You must also purchase a POS Subscription for your point of sale system, which we anticipate will cost approximately \$400 to \$800 per month, but may be higher if you purchase additional terminals. We reserve the right to change the designated point of sale system in the future.

You must obtain any upgrades and/or updates to the computer system at your expense. In addition, we may require you to update and/or upgrade all or a portion of your computer system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade. Neither we nor any of our affiliates has any responsibility to provide you with any maintenance, updates and/or upgrades for your computer system.

You must obtain and maintain Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify. This will include remote access by an online provider.

## **ITEM 12: TERRITORY**

**Franchise Agreement:** You may operate your Duff’s Famous Wings Business only at the approved location. The approved location for your Duff’s Famous Wings Business will be listed in the Franchise Agreement. If you have not identified an approved location for your Duff’s Famous Wings Business when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your approved location. You may not conduct your Duff’s Famous Wings Business from any other location. We will grant you a “Protected Area” meaning that we will not establish or license another franchisee to establish a Duff’s Famous Wings Business within your Protected Area. The Protected Area is determined based on the geographic area and populations properties within that area



and other relevant demographic characteristics and will typically be a two-mile radius around your Duff's Famous Wings Business. Your Protected Area will include a population of between 45,000 to 50,000 people and will be described in your Franchise Agreement in terms of contiguous zip codes. We will use on-line population data services, including the U.S. Census Bureau, to determine the boundaries of your Protected Area. The Protected Area is not the same area as, and will be smaller than, the trade area in which you will be looking for a site.

If your Restaurant will be located at a non-traditional site (such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) or in a major metropolitan area, you will not be granted a Protected Area.

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. You are not permitted to provide catering or delivery services without our prior written consent.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Protected Area, except as may be permitted under the Franchise Agreement and those exceptions are described below. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

There are no circumstances under which the Protected Area may be altered before your Franchise Agreement expires or is terminated, but as part of the process of renewing your Franchise Agreement, we reserve the right to re-evaluate your then-existing Protected Area according to certain demographics, including population. Since your Protected Area includes a certain minimum population, your Protected Area under the Successor Agreement will be modified to accommodate shifts and changes in population. Our intent is to make the target demographics of your Successor Term Protected Area similar to the target demographics of your original Protected Area. A re-evaluation of your Protected Area may result in your Successor Term Protected Area being smaller or larger than your original Protected Area.

If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for the Restaurant, together with our then-current relocation fee (see Item 6). You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Duff's Famous Wings Business and is located within your Protected Area, and we may require you to sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee but you must pay our relocation fee. If you relocate your Restaurant, we reserve the right to change the boundaries of your Protected Area.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Restaurants, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Restaurants and any other goods through similar or dissimilar channels of distribution, both within and outside the Protected Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate. Although we reserve the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchises; (b) to operate and to grant others the right to operate Restaurants located outside the Protected Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; (c) to operate and to grant



others the right to operate Restaurants at Non-Traditional Sites within and outside the Protected Area under any terms and conditions we deem appropriate; and (d) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Protected Area.

You may sell our products to customers who live anywhere but who choose to dine in or take-out from your Restaurant. You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system, through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Protected Area, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Protected Area, you may not make any sales or deliver any products to customers located outside of your Protected Area, unless the customer is located in an area where there is not another Duff's Famous Wings Business in operation. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You are strictly prohibited from selling any products to any business or other customer at wholesale.

We and our affiliates may sell products under the Marks within and outside your Protected Area through any method of distribution other than a Duff's Famous Wings Business, including sales through channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may solicit or accept business from customers located anywhere, but you may not use alternative distribution channels to make sales and you will not receive any compensation for our sales through alternative distribution channels. Any orders placed through our Website for non-menu items (such as memorabilia and bottled sauces) will be fulfilled by us and you will not receive any portion of our revenue from these sales, even if the order is delivered to a customer within your Protected Area.

We have not yet established other franchises or company-owned outlets or another distribution channel selling similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Restaurants which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

### **ITEM 13: TRADEMARKS**

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us, including the Marks described in Item 1. These Marks may be used only in the manner we authorize and only for the operation of your Duff's Famous Wings Business.

You may not use the Marks 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 Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.



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Our affiliate DFW Enterprises has registered the following principal Marks with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register. DFW Enterprises intends to file all required affidavits and to renew its registrations for the Marks when they become due.

Trademark	Registration Number	Registration Date	Register
DUFF’S FAMOUS WINGS	5,338,741	November 21, 2017	Principal
DUFF’S	3,271,371	July 31, 2007	Principal
DUFF’S	3,271,370	July 31, 2007	Principal
DUFF’S	3,271,369	July 31, 2007	Principal
BUFFALO’S ORIGINAL DUFF’S FAMOUS WINGS	4,809,586	September 8, 2015	Principal

DFW Enterprises has applied for registrations for the following trademarks with the USPTO:

Trademark	Serial Number	Filing Date	Status
BORN IN BUFFALO	98,956,849	January 13, 2025	Pending on the Principal Register

We do not have a federal registration for the trademarks in the table above (serial number 98,956,849). Therefore, this trademark does not have the same legal benefits and rights as a federally registered trademark. If our right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

There are no agreements currently in effect which limit our right to use or to license others to use the Marks, other than the perpetual trademark license agreement between us and DFW Enterprises dated March 23, 2011.

On November 26, 2013 Our affiliate, DFW Enterprises signed an agreement with Twentieth Century Fox Film Corporation (“Fox”) which allow Duff’s to use the DFW’s DUFF’s marks (including the Duff’s Microbrew Mark) for non-packaged, draft beer sold on tap on the premises of current and future locations of Duff’s famous Wings restaurants and bars.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel’s opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain



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our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted to existing franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

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

**Patents and Copyrights:** There are no patents or registered copyrights that are material to the franchise.

**Confidential Operations Manual:** You must operate the Restaurant in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Restaurant, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also make sure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.



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**Confidential Information:** We claim proprietary rights in certain of our recipes which are included in the Manual and which are our trade secrets. You and each of your Principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Restaurant that may be communicated to you or any of your Principals or that you may learn about, including these trade secrets. You and each of your Principals may divulge this confidential information only to your employees who must have access to it to operate the Restaurant. Neither you nor your Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

You must have your personnel who have received or will have access to confidential information sign confidentiality covenants similar to the ones described above. (See Item 17.) Your Principals, including your Operating Principal, also must sign these covenants.

If you, your Principals or employees develop any new concept, process or improvement in the operation or promotion of the Restaurant, you must promptly notify us and give us all necessary information, free of charge. You, your Principals and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

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

The “Operating Principal” is an individual who will be principally responsible for communicating with us about the Restaurant. The Operating Principal must have the authority and responsibility for the day-to-day operations of your Restaurant. If you are an individual, you are the Operating Principal. If you are a legal entity, you must appoint an individual that has at least a 5% equity interest in the legal entity to be the Operating Principal. When you sign your agreement, you must designate and retain at all times an individual to serve as the “General Manager”. If you are an individual, we recommend that you be the General Manager. Even though we do not require you to be actively involved in the daily operation of your Restaurant, you must still make sure that your Restaurant is being operated according to the terms of your Franchise Agreement and the Manual. You must also retain other personnel as are needed to operate and manage the Restaurant. The General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, must be individually acceptable to us, and must be approved by us to act as a General Manager. The General Manager must be responsible for the supervision and management of the Restaurant and must devote full time and best efforts to this activity. The General Manager also must satisfy the applicable training requirements in the Franchise Agreement. If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the General Manager stops serving or no longer meets the requirements. If you will not be the Head Cook, you must hire a Head Cook approved by us. The Head Cook must satisfactorily complete our training program. If you replace your Head Cook, they will need to satisfactorily complete our training program at your cost.

Your General Manager, Head Cook and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality Non-Disclosure and Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 4. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement’s terms. If



your Duff's Famous Wings Business is owned by an entity, all direct and indirect owners of the entity (i.e. each person holding a direct or indirect interest in you) must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Attachment 8.

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

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering any menu items, products or services for sale that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Restaurant at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We reserve the right to determine the maximum prices for the goods, products and services offered from your Restaurant. You must comply with the prices required by us.

You must keep your Restaurant open for the core hours that we designate, subject to the terms of your lease and applicable law. With our consent, you may extend your operating hours if your location warrants it.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12.

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

### **THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the term of the franchise	3.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier.
b. Renewal or extension of the term	3.2	If you are in good standing as defined below you can sign two (2) separate successor agreements, each for an additional term of five years each.



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Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	3.2	<p>You must provide notice that you wish to renew your Franchise Agreement between six and nine months before expiration; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade equipment; you must sign release and sign Successor Agreement; we may reevaluate your Protected Area upon the time of your Successor Agreement.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees on Successor Agreement will not be greater than the fees that we then impose on similarly situated renewing franchisees.</p>
d. Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law, subject to applicable state law.
e. Termination by franchisor without cause	Not applicable	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within six months to a replacement franchisee that we approve.
f. Termination by franchisor with “cause”	17.1.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. “Cause” defined – curable defaults	17.1.3 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within 30 days after a request, fail to procure and maintain required insurance within five days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	17.1.2 and 17.1.3	We may terminate you for cause if you fail to cure certain defaults, including: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Restaurant when required, fail to complete training to our satisfaction, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent or maintain false books or records. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
i. Franchisee’s obligations on termination/non-renewal	18	Obligations include: You must stop operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials, comply with confidentiality requirements, pay liquidated damages, and, at our option, sell or assign to us your rights in the Restaurant premises and/or the equipment and fixtures used in the business.
j. Assignment of contract by Franchisor	14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations.
k. “Transfer” by franchisee – defined	14.2.1	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person).

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	14.2.2	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction and sign current Franchise Agreement for the remaining term of your Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	14.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions.
o. Franchisor's option to purchase franchisee's business	14.4 and 18	Other than assets on termination, declining a Successor Agreement or right of first refusal, we have no right or obligation to purchase your business.
p. Death or disability of franchisee	14.5	Upon your death or permanent disability (if you are a natural person) or upon the death or permanent disability of any Principal, distributee must be approved by us, or franchise must be transferred to someone approved by us within 12 months after death or within six months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	10.3.1	You are prohibited from operating or having an interest in a similar business, subject to applicable state law.
r. Non-competition covenants after the franchise is terminated or expires	10.3.2	You and your Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 10 miles of any Restaurant in the System, subject to applicable state law.
s. Modification of the agreement	10.1.5 and 19.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Manual, as it may be amended.
t. Integration/merger clause	19.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may be enforceable.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	19.7, 19.8, 19.9, 19.10 and 19.11	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated and arbitrated in the county where we have our headquarters (currently Erie County, New York) (Subject to applicable state law).
v. Choice of forum	19.8	The county where we have our headquarters (currently Erie County, New York), subject to applicable state law.
w. Choice of Law	19.8	The state where we have our headquarters (currently Erie County, New York), subject to applicable state law.

#### **ITEM 18: PUBLIC FIGURES**

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

#### **ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, 2024, we had two franchised Duff's Famous Wings franchised businesses ("Franchise Businesses") and three affiliate-owned businesses ("Affiliate Businesses") in operation (the "Reporting Group"). We also have one licensed Duff's Famous Wings business owned by an affiliate that is not included in the Reporting Group.

The Affiliate Businesses share the same general characteristics as the franchised businesses, including operations, degree of competition, services or goods sold, and services supplied by us. The Affiliate Businesses do not pay a Royalty or Brand Development Fee. Table 1 provides information on the five Duff's Famous Wings businesses in the Reporting Group.



Table 1  
Duff's Famous Wings Businesses in the Reporting Group

	Year Open	Size
Niagara Falls (Franchise)	2013	3900 Sq. Ft.
Southlake (Franchise)	2013	2454 Sq. Ft.
Eastern Hills (Affiliate)	2012	5659 Sq. Ft.
Depew (Affiliate)	2009	5000 Sq. Ft.
Sheridan (Affiliate)	1946	3100 Sq. Ft.

Table 2 below shows the annual Gross Sales for the Reporting Group for the calendar years 2022 through 2024. It also shows the Gross Sales per square foot of each location for 2024 and the average annual Gross Sales for all Franchise Businesses, all Affiliate Business and the average annual Gross Sales for the Reporting Group. The information below in Table 2 and the tables in Notes 3, 4 and 5 below is a historical financial performance representation for the locations in the Reporting Group.

Table 2  
Average Annual Gross Sales for the Reporting Group  
2020 - 2023

Average Annual Gross Sales					
		2022	2023	2024	2024 Gross Sale per Sq. Ft.
Franchise Businesses					
Niagara Falls		\$1,458,450	\$1,648,168	\$1,741,921	\$447
Southlake <sup>(1)</sup>		\$2,969,720	\$3,279,892	\$3,799,528	\$1,548
Franchise Business Average		\$2,214,085	\$2,464,030	\$2,770,725	\$997
Affiliate Businesses					
Eastern Hills		\$3,724,650	\$4,004,450	\$4,035,980	\$713
Depew		\$3,302,817	\$3,572,968	\$3,898,228	\$780
Sheridan <sup>(1)</sup>		\$3,363,362	\$3,686,357	\$3,967,743	\$1,280
Affiliate Business Average		\$3,463,610	\$3,754,591	\$3,967,317	\$924
System Average (Franchise and Affiliate)		\$2,963,800	\$3,238,367	\$3,488,680	\$954

Notes:

1. The Eastern Hills, Niagara Falls and Depew operate with a full service bar. The other locations Reporting Group do not. Current franchisees are required to have a full service bar in the Duff's Famous Wings Business.
2. Gross Sales equals all revenues received from the sale of any items and services, and all other income of every kind and nature related to the Duff's Famous Wings Business' operations less: (a) any sales taxes or other taxes collected for transmittal to the appropriate taxing authority; or (b) any bona fide refunds made to customers.
3. For the Franchise Businesses, the high, low, and median Gross Sales and number and percent that met or exceeded the average Gross Sales for each year is disclosed below:



	2022	2023	2024	2024 Gross Sales per Sq. Ft
High	\$2,969,720	\$3,279,892	\$3,799,528	\$1,548
Low	\$1,458,450	\$1,648,168	\$1,741,921	\$447
Average/Median	\$2,214,085	\$2,464,030	\$2,770,725	\$997
Number and % that met or exceeded the average and median annual Gross Sales	1 and 50%	1 and 50%	1 and 50%	1 and 50%

4. For the Affiliate Businesses, the high, low, and median Gross Sales and number and percentage that met or exceeded the average Gross Sales for each year is disclosed below:

	2022	2023	2024	2024 Gross Sales per Sq. Ft
High	\$3,724,650	\$4,004,450	\$4,0135,980	\$713
Low	\$3,302,817	\$3,572,968	\$3,898,228	\$780
Median	\$3,363,362	\$3,686,357	\$3,967,743	\$1,280
Average	\$3,463,610	\$3,754,591	\$3,967,317	\$924
Number and % that met or exceeded the average annual Gross Sales	1 and 33%	1 and 33%	1 and 33%	1 and 33%

5. For the Reporting Group, the high, low, and average and/or median Gross Sales and number and percent that met or exceeded the average Gross Sales for each year is disclosed below:

	2022	2023	2024	2024 Gross Sales per Sq. Ft
High	\$3,724,650	\$4,004,450	\$4,035,980	\$713
Low	\$1,458,450	\$1,648,168	\$1,741,921	\$447
Median	\$3,302,817	\$3,572,968	\$3,898,228	\$780

	2022	2023	2024	2024 Gross Sales per Sq. Ft
Average	\$2,963,800	\$3,238,367	\$3,488,680	\$954
Number and % that met or exceeded the average annual Gross sales	4 and 80%	4 and 80%	4 and 80%	2 and 40%

6. The financial performance representations in Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.**

Written substantiation of the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, 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. A new franchisee's financial results are likely to differ from the results stated in the financial performance representation. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Jeff Feather at 3651 Sheridan Drive, Amherst, New York 14226 and (716) 834-6234, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**Table No. 1**  
**Systemwide Outlet Summary**  
**For years 2022, 2023, 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Company-Owned*	2022	3	3	0
	2023	3	3	0
	2024	3	3	0



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Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2022	5	5	0
	2023	5	5	0
	2024	5	5	0

\* The Company-Owned Outlets in the above chart include the Restaurant owned and operated by WNY Affiliate, as described in Item 1, one outlet owned by one of our principals, and one outlet co-owned by two of our principals.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2022, 2023, 2024**

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2022, 2023, 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
New York	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2

**Table No. 4**  
**Status of Company-Owned and Affiliate-Owned Outlets**  
**For years 2022, 2023, 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
New York*	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Total	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3

\*Two outlets in New York are operated by two of our principals.

**Projected Openings as of December 31, 2024**

States	Franchise Agreements Signed But Restaurant Not Open	Projected Franchised Business Openings	Projected Company-Owned Restaurant Openings
Florida	1	1	0
Kentucky	1	1	0
TOTAL	2	2	0

A list of the names of all franchisees and the addresses and telephone numbers of their franchises will be provided in Exhibit E to this disclosure document when applicable.

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, cancelled, 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 will be listed on Exhibit E to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with Duff's Famous Wings System.

There are no trademark-specific organizations formed by our franchisees that are associated with Duff's Famous Wings System.

**ITEM 21: FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit C are our audited financial statements for the period ended December 31, 2024, December 31, 2023 and December 31, 2022. Our fiscal year end is December 31<sup>st</sup>.



## **ITEM 22: CONTRACTS**

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

- |    |                                    |           |
|----|------------------------------------|-----------|
| 1. | Franchise Agreement                | Exhibit B |
| 2. | Franchise Disclosure Questionnaire | Exhibit G |
| 3. | Form of General Release            | Exhibit H |

## **ITEM 23: RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

## **EXHIBIT A TO THE DISCLOSURE DOCUMENT**

### **AGENCIES/AGENTS FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

**CALIFORNIA****State Administrator and Agent for Service of Process:**

Commissioner  
Department of Financial  
Protection and Innovation  
320 W. 4<sup>th</sup> Street, #750  
Los Angeles, CA 90013  
(213) 576-7500  
(866) 275-2677

**HAWAII**

Commissioner of Securities of  
the State of Hawaii  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

**Agent for Service of Process:**  
Commissioner of Securities of the  
State of Hawaii

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

**ILLINOIS**

Illinois Attorney General  
Chief, Franchise Division  
500 S. Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA**

Secretary of State  
Securities Division  
Room E-018  
302 W. Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**MARYLAND**

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202  
(410) 576-6360

**MARYLAND CONTINUED**

**Agent for Service of Process:**  
Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020

**MICHIGAN**

Michigan Department of Attorney General  
Consumer Protection Division  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA**

Department of Commerce  
Commissioner of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, MN 55101-3165  
(651) 539-1600

**NEW YORK**

**Administrator:**  
NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

**Agent for Service of Process:**  
Secretary of State  
99 Washington Avenue  
Albany, NY 12231

**NORTH DAKOTA**

**Administrator:**  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

**Agent for Service of Process:**  
Securities Commissioner  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, ND 58505-0510

**RHODE ISLAND**

Department of Business Regulation  
1511 Pontiac Avenue, Bldg. 68-2  
Cranston, RI 02920  
(401) 462-9527

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**VIRGINIA**

State Corporation Commission  
Division of Securities and  
Retail Franchising  
1300 E. Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219

**Agent for Service of Process:**  
Clerk of the State Corporation Commission  
1300 E. Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

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Rev. 090723



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Duff's Famous Wings 2025 FDD v2F

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

**EXHIBIT B**

**DUFF'S FAMOUS WINGS FRANCHISE AGREEMENT**



**DUFF’S FRANCHISE GROUP, INC.**

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**ATTACHMENTS**

- 1 – Accepted Location and Protected Area
- 2 – Collateral Assignment of Lease
- 3 – Statement of Ownership Interests and Franchisee’s Principals
- 4 – Confidentiality and Non-Competition Agreement
- 5 – Electronic Transfer Authorization
- 6 – Internet Advertising, Social Media, Software and Telephone Account Agreement
- 7 – Power of Attorney (Tax)
- 8 – Spousal Guaranty



## **FRANCHISE AGREEMENT**

**THIS AGREEMENT**, entered into on \_\_\_\_\_, by and between the franchisor Duff's Franchise Group, Inc, a New York corporation, with its principal address at 3651 Sheridan Drive, Amherst, New York 14226 (herein referred to as "we", "us" or "our") and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal address is \_\_\_\_\_, and \_\_\_\_\_'s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_, and \_\_\_\_\_, an individual residing at \_\_\_\_\_ ("Principal(s)"), who will act as the franchisee under this Agreement. \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as "you" or "your" or "Franchisee".

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

**WHEREAS**, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of full service restaurants operating under the name "Duff's Famous Wings" offering chicken wings with proprietary sauces, appetizers, burgers, sandwiches, soft drinks, beer and wine. Duff's Famous Wings restaurants offer dine-in and take-out services;

**WHEREAS**, the distinguishing characteristics of the System include, without limitation, distinctive signage, exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

**WHEREAS**, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Duff's Famous Wings" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks");

**WHEREAS**, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

**WHEREAS**, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

**WHEREAS**, you desire to use the System in connection with the operation of a restaurant at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

**NOW, THEREFORE**, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

## **ARTICLE 1: GRANT**

### **1.1 Grant of Franchise**

In reliance on the representations and warranties hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Duff's Famous Wings Restaurant under the Marks and the System in accordance with this Agreement ("Restaurant" or "Franchised Business"). You have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. You understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public in accordance with Section 2.6, and then only in accordance with Article 14 hereof. This Agreement does not confer any rights for you to acquire additional Duff's Famous Wings franchises.

### **1.2 Accepted Location**

The specific street address of the Restaurant location accepted by us shall be set forth in Attachment 1 ("Location" or "Accepted Location"). You shall not relocate the Restaurant without our express prior written consent, which consent shall not be unreasonably withheld. This Agreement does not grant to you the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any other location.

### **1.3 Relocation**

If you are unable to continue the operation of the Restaurant at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)) and cannot repair your Restaurant within 60 days, then you may request our approval to relocate the Restaurant to another location in the Protected Area, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the Protected Area or a relocation of the Restaurant not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Restaurant, then you shall comply with the site selection and construction procedures set forth in Article 2. We may require you to sign our then-current form of franchise agreement as a condition of relocation. We may also modify your Protected Area if you relocate your Restaurant. You agree to pay us a relocation fee equal to \$7,500 to reimburse us for our costs associated with evaluating your relocation request. You also agree to fully de-identify the former Accepted Location of the Restaurant in accordance with our requirements at your sole cost and expense.

### **1.4 Protected Area**

Upon the execution of this Agreement, you will be assigned a protected area (the "Protected Area") that will also be described in Attachment 1. If your Restaurant is located at a Non-Traditional Site, as described below, you will not be granted a Protected Area. Except as provided in this Agreement, and subject to your and the Principals' material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Restaurant in the Protected Area during the term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Duff's Famous Wings Restaurant. You acknowledge and agree that our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such restaurants might compete with your



Restaurant. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Restaurant and only at a location approved by us.

As described in Section 7.15 below, we may, in our sole discretion, authorize you to provide catering and delivery services within your Protected Area, and we may adjust the boundaries of your Protected Area, as long as your provision of such services does not infringe upon the territorial rights of another franchisee in the System.

## **1.5 Our Reserved Rights**

Except as expressly limited by Section 1.4, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any products and services outside of your Protected Area, including, without limitation, the right:

1.5.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Protected Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

1.5.2 to operate and to grant others the right to operate Restaurants located outside the Protected Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant;

1.5.3 to operate and to grant others the right to operate Restaurants at non-traditional sites within and outside the Protected Area under any terms and conditions we deem appropriate; and

1.5.4 the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Protected Area.

As used in this Agreement, Non-Traditional Sites shall include, without limitation, military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

## **ARTICLE 2: SITE SELECTION, PLANS AND CONSTRUCTION**

### **2.1 Your Responsibility to Locate a Site**

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Restaurant within the Protected Area, and for constructing and equipping the Restaurant at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Restaurant unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Restaurant is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Restaurant operated at that site will be profitable or otherwise successful.

## **2.2 Site Selection**

2.2.1 Prior to acquiring by lease or purchase a site for the Restaurant, but within four (4) months of the date this Agreement is executed, you shall locate a site for the Restaurant that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of this information and materials to approve or disapprove, in our sole discretion, the proposed site as the location for the Restaurant. We shall, upon your request, conduct an on-site evaluation of a proposed site and you agree to reimburse our expenses in relation to such on-site evaluation. No site may be used for the location of the Restaurant unless it is first accepted in writing by us. You acknowledge and agree that our acceptance of a location for the Restaurant is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Restaurant will be profitable. Our approval of a location for the Restaurant only signifies that the location meets our then-current minimum criteria for a Duff's Famous Wings Restaurant.

2.2.2 If you elect to purchase the premises for the Restaurant, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Restaurant under a lease or sublease, you shall submit a copy of the lease or sublease to us for written approval prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Restaurant premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either approve or disapprove such documentation prior to its execution.

## **2.3 Zoning Clearances, Permits and Licenses**

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Restaurant premises. Prior to beginning the construction of the Restaurant, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

## **2.4 Design of Restaurant**

You must obtain any architectural, engineering and design services you deem necessary for the construction of the Restaurant at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld. You shall adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to you by us in accordance with Section 5.3 as necessary for the construction of the Restaurant and shall submit such adapted plans to us for our review. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within ten (10) days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide

you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and presentation of the Proprietary Marks, and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

## **2.5 Build-Out of Restaurant**

You shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Restaurant. You acknowledge and agree that you will not open the Restaurant for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

## **2.6 Opening Date; Time is of the Essence**

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Restaurant and commence business within six (6) months after the Accepted Location for your Restaurant is determined, unless you obtain an extension of such time period from us in writing. The date the Restaurant actually opens for business to the public is herein called the "Opening Date". Prior to opening, you shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure act as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. If your Restaurant is not open and operating within six (6) months after the Accepted Location for your Restaurant is determined, we have the right to terminate this Agreement without providing you with a refund.

# **ARTICLE 3: TERM AND SUCCESSOR AGREEMENT**

## **3.1 Term**

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall continue from the date stated on the first page hereof for a period of ten (10) years.

## **3.2 Successor Agreement**

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the Initial Term of this Agreement) to renew the franchise hereunder up to two (2) additional periods of five (5) years each, if:





3.2.1 you have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

3.2.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of Successor Agreement);

3.2.3 you are able to maintain possession of the Accepted Location for the Franchised Business (or at relocated premises pursuant to Section 1.3 hereof) pursuant to a lease reasonably acceptable to us;

3.2.4 you refurbish, upgrade, and/or renovate your Restaurant as we require in order that your Restaurant will meet our then-current standards and image for Duff's Famous Wings Restaurants;

3.2.5 the landlord of the Accepted Location consents to a Successor Agreement or extension of the lease;

3.2.6 at the time the Successor Agreement is exercised and at the time such Successor Term commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

3.2.7 you execute a general release in the form attached to our Franchise Disclosure Document (defined in Article 19.2) in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders (provided, however, that all rights enjoyed by you and any causes of action, known or unknown, arising in your favor from the provisions of Article 33 of the New York General Business Law ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied); and

3.2.8 you pay to us a Successor Agreement fee equal to Fifteen Thousand Dollars (\$15,000).

When you provide us with notice that you would like to renew this Agreement, we will re-evaluate your then-current Protected Area to determine whether there have been any shifts in demographics that would warrant modifying your Protected Area. Such demographic shifts include, but are not limited to, changes in population and median income. Our intent in doing such re-evaluation of your Protected Area is to make the target demographics of your Protected Area upon the Successor Agreement similar to the target demographics of your original Protected Area. You understand and acknowledge that although we will use our best efforts to ensure that the demographics included in your Successor Term Protected Area are similar to the original Protected Area, (a) your total Protected Area size upon Successor Term may be smaller or larger than your original Protected Area; (b) we cannot guaranty that your Successor Term Protected Area will provide you with the same or similar results as with your original Protected Area; and (c) we make no guaranty that the demographics included in your Successor Term Protected Area will earn you any particular level of success.

### **3.3 Refusal to Successor Agreement**

We can refuse to enter into a Successor Agreement for your franchise if your lease, sublease or other document by which you have the right to occupy the premises is not extended before your Successor term is to take effect to cover the period of the Successor term or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the Successor term. We may also refuse to enter into a Successor Agreement for your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

### **3.4 Successor Agreement Under Law**

Even though we decline to enter into a Successor Agreement for your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your Successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the Successor term begins. If we are not then offering new franchises, your Successor term will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the Successor term will be governed by the terms of this Agreement.

### **3.5 Your Election Not to Enter into a Successor Agreement**

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a Successor franchise within thirty (30) days after we have delivered them to you.

## **ARTICLE 4: FEES**

### **4.1 Initial Franchise Fee**

You shall pay to us an initial franchise fee of Thirty Thousand Dollars (\$30,000) which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party and shall not be refundable under any circumstances.

### **4.2 Royalty Fees**

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing weekly royalty fee ("Royalty Fee") of five percent (5%) of Gross Sales. Such Royalty Fee shall be due and payable each week based on the Gross Sales for the preceding week ending Sunday so that it is received by us by electronic funds transfer on or before the Tuesday following the end of each week, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each such Royalty Fee shall be accompanied by a royalty report itemizing the Gross Sales for the preceding week ending Sunday ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Gross Sales information on Tuesday of each week (or the following business day if Tuesday is not a business day) by modem, e-mail, facsimile transmission or such other method of delivery as we may reasonably direct.

4.2.3 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

4.2.4 If a state or local law in which the Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then we and you shall increase the percentage rate for calculating Royalty Fees, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fees to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included from Gross Sales.

#### **4.3 Brand Development Fee**

In addition to the Royalty Fee described in Section 4.2 above, you agree to pay to us a Brand Development Fee once we establish the Brand Development Fund of two percent (2%) of the Restaurant's Gross Sales. We reserve the right to increase this fee to up to three percent (3%) of the Restaurant's Gross Sales, subject to any reallocation of such amount that we may specify as described in Article 8 below. Such amount shall be contributed to a Brand Development Fund maintained by us, as described in Section 8.3 below. The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee.

#### **4.4 Payments to Us**

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account each week by electronic funds transfer ("EFT") in the amount of the Royalty Fee, Brand Development Fee and any other payments due to us and/or our affiliates. If you do not report the Restaurant's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe to us, once we have been able to determine the Restaurant's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following week. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we, our bank or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder. If payments are not received when due, interest may be charged by us in accordance with Section 4.5 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

#### **4.5 Interest on Overdue Amounts**

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum

rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

#### **4.6 Definition of Gross Sales**

“Gross Sales” means the total of all revenue, income and consideration from the sale of all Duff’s Famous Wings merchandise, products and services to your customers whether or not sold or performed at or from the Franchised Premises, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. If you offer any services, all receipts from these services are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for products or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products or services so provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Restaurant being closed as a result of a casualty event or any other reason.

#### **4.7 Insufficient Funds Fee**

If, for any reason, any payment owed by you to us is denied by your bank due to insufficient funds in your account, then you shall, in addition to applicable interest as described in Section 4.5 above, pay us an insufficient funds fee in the amount of One Hundred Dollars (\$100). If you incur three (3) insufficient funds fees within any twelve (12) month period, we will have the right to terminate this Agreement without providing you an opportunity to cure the default.

#### **4.8 Technology Fee**

We reserve the right to charge a to cover the costs of certain technologies and services used in the operation of your Restaurant (“Technology Fee”) throughout the term of this Agreement upon 30 days’ notice to you. These may include point-of-sale systems, phone systems, security systems, scheduling software, employee shift/task management software, music subscription, inventory solution and any other technologies, software and services we may require from time to time in the Manual for your Restaurant. We can change the software and technology that must be used by Franchised Business at any time we deem appropriate in our sole discretion, which may result in changes to the Technology Fee. An increase in third-party fees may also cause the Technology Fee to increase. You will be responsible for any increase in fees that result from any upgrades, modification, or additional software by us or by third-party vendors. We may modify the Technology Fee upon written notice to you.

#### **4.9 CPI Adjustments to Fixed Fees**

All fees expressed as a fixed dollar amount in this Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States. We may periodically review and increase these fees based on changes to the Consumer Price Index, but only if the increase to the Consumer Price Index is more than 5% higher than the corresponding Consumer Price Index in effect on: (a) the effective date of the Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one fee adjustment during any calendar

year. Notwithstanding the foregoing, the fee adjustments in this Section shall not impact fees which we reserve the right to increase in higher amounts or adjust more frequently, including but not limited to the Technology Fee.

#### **4.10 Payment of Additional Fees**

You shall pay such other fees or amounts described in this Agreement.

### **ARTICLE 5: OUR OBLIGATIONS**

We agree to provide the services described below with regard to the Restaurant:

#### **5.1 Site Selection Guidelines**

Our written site selection guidelines and such site selection assistance as we may deem advisable.

#### **5.2 On-Site Evaluation**

If you request that we conduct an on-site evaluation of your proposed site, you shall reimburse our reasonable expenses incurred by us (or our designee) in connection with such evaluation, including, without limitation, the costs of travel, lodging and meals. For any on-site evaluation requested by you, we shall not be required to conduct such evaluation until we receive of all required information and materials concerning such site prepared pursuant to Article 2.

#### **5.3 Prototype Design Plans**

On loan, one (1) set of prototypical architectural and design plans and specifications for a Duff's Famous Wings Restaurant. You shall independently, and at your expense, have such architectural and design plans and specifications adapted for construction of the Restaurant in accordance with Article 2. We reserve the right to require you to use a designated design professional to create your plans. We will not assist you in conforming the site to local ordinance and building codes, and we will not assist you in obtaining any required permits. We also do not assist you in remodeling or decorating your Restaurant.

#### **5.4 Confidential Operations Manual**

On loan, one (1) Confidential Operations Manual and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manual"), as more fully described in Section 10.1. The Manual may, in our discretion, be provided electronically or via an intranet website for all Duff's Famous Wings Restaurants in the System.

#### **5.5 Visits and Evaluations**

Visits to the Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.5.6.

#### **5.6 Advertising and Promotional Materials**

Certain advertising and promotional materials and information developed by us and/or our affiliate from time to time for use by you in marketing and conducting local advertising for the Restaurant at a reasonable cost to you. We shall have the right to review and approve or disapprove all advertising and promotional materials that you propose to use, pursuant to Article 8. We may use national and/or regional advertising agencies as the source for our advertising and promotional materials, or we may prepare them in-house.

## **5.7 Management and Operations Advice**

Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Restaurant from time to time developed by us, including new developments and improvements in Restaurant equipment, food products and the packaging and preparation thereof and menu items.

## **5.8 Products for Resale**

From time to time and at our reasonable discretion, at a reasonable cost, make available for resale to your customers certain merchandise identifying the System, such as retail proprietary products, logoed merchandise and memorabilia, in sufficient amounts to meet customer demand. We may specify that you must purchase such items from us, our affiliate, or another designated supplier.

## **5.9 Approved Suppliers**

A list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.

## **5.10 Initial Training Program**

An initial training program for your first four (4) trainees, as well as other training programs in accordance with the provisions of Sections 6.4.1, 6.4.2 and 6.4.4.

## **5.11 Opening Assistance**

On-site opening assistance at the Restaurant in accordance with the provisions of Section 6.4.2.

## **5.12 Brand Development Fund**

Establishment and administration of a brand development fund and/or advertising cooperatives in accordance with Article 8.

# **ARTICLE 6: YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS**

## **6.1 Use Commercially Reasonable Efforts**

Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales.

## **6.2 Representations of Corporate Entity**

If you are a corporation, limited liability company, or partnership, you represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by us;



6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment 3. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation (as defined in Section 19.18). If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 You acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.8 are continuing obligations of you and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute an event of default under this Agreement. You will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

### **6.3 Operating Principal**

You shall designate and retain at all times an operating principal (“Operating Principal”) to direct the operation and management of the Restaurant. The Operating Principal shall be responsible for the daily operation of the Restaurant and shall be our primary contact with respect to operations matters. The Operating Principal shall, during the entire period he serves as Operating Principal, meet the following qualifications:

6.3.1 The Operating Principal shall satisfy our educational and business experience criteria as set forth in the Manual as defined herein or otherwise in writing by us;

6.3.2 The Operating Principal shall devote full time and best efforts to the supervision and management of the Restaurant;

6.3.3 The Operating Principal shall be an individual acceptable to us;

6.3.4 The Operating Principal shall at all times own at least a five percent (5%) interest in you; and

6.3.5 The Operating Principal shall satisfy the training requirements set forth in Section 6.4. If, during the term of this Agreement, the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within thirty (30) days after the Operating Principal ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section 6.3 shall be deemed an event of default under Section 17.1.3(o) hereof.

### **6.4 Training**

You agree that it is necessary to the continued operation of the System and the Restaurant that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.4.1 No later than 30 days before the date the Restaurant begins operation, you, your Operating Principal, General Manager, and Head Cook must attend and complete, to our satisfaction, our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us. We provide the initial training program at no cost for up to four attendees, provided they all attend initial training at the same time. We reserve the right to vary the length and content of the initial training program as we deem appropriate in our sole discretion based on the experience of the attendees. We reserve the right to select when you will attend the initial training program and may delay your attendance until a suitable time near the grand opening date for your Restaurant in our sole discretion. If you are acting as Operating Principal, General Manager, and/or Head Cook, then you may bring additional managers to initial training. The Operating Principal and other employees we designate must be ServSafe certified. This certification fee is payable to the approved supplier. If you wish to send more than four trainees to our initial training program, whether before the Restaurant opens or while the Restaurant is operating, you shall pay to us our then-current training fee for each additional trainee.

We shall determine, in our reasonable discretion, whether you, your Operating Principal, General Manager and/or Head Cook have satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by you or any of the required attendees, or (c) if we in our reasonable business judgment, based upon the

performance of the Operating Principal, General Manager or Head Cook, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any Operating Principal, General Manager or Head Cook subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for any initial training provided by us to any replacement personnel. You shall be responsible for any and all expenses incurred by you and your other trainees in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and wages.

6.4.2 In connection with the opening of the Restaurant, we shall provide you with up to three (3) of our trained representatives to provide opening assistance. Our representatives will provide on-site pre-opening and opening training, supervision, and assistance to you for a period of between seven (7) and ten (10) days around the Restaurant's opening. You agree to reimburse the expenses incurred by our representative in providing such opening assistance, including, but not limited to, travel, lodging and meals. This fee is due upon opening of the Restaurant, and is not refundable under any circumstances. If this Agreement is for your second (2<sup>nd</sup>) or later Restaurant, we reserve the right to not provide opening assistance. If you request additional assistance, you shall pay our then-current per diem fee for each of our representatives, plus expenses.

6.4.3 Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof, subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site training and assistance to your Restaurant personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

6.4.4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Restaurant. Such training programs and seminars may be offered to you, the Operating Principal, General Manager, Head Cook or other Restaurant personnel generally, and we may designate that such training programs and seminars are mandatory for you, your Operating Principal, General Manager, Head Cook or other Restaurant personnel. We reserve the right to charge a registration fee for each person, and you must pay for your trainees' expenses, including travel, lodging, meals and applicable wages.

## **6.5 Franchisee Meetings**

We reserve the right to hold meetings for all franchisees and other Duff's Famous Wings Restaurant operators, which meetings shall not occur more frequently than annually and which may be regional or national in nature. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you and/or your Operating Principal. We reserve the right to charge a registration fee for each person, and you must pay for your attendees' expenses, including travel, lodging, meals and applicable wages.

## **6.6 Hiring Practices**

You and the Principals understand that compliance by all franchisees operating under the System with our training, development and operational requirements is an essential and material element of the System and that we and franchisees operating under the System consequently expend substantial time, effort and expense in training management personnel for the development and operation of their respective Restaurants. Accordingly, you and the Principals agree that if you or any Principal shall, during the term of this Agreement, designate as Operating Principal or employ in a managerial position any individual who is at the time or was within the preceding ninety (90) days employed in a managerial or supervisory position

by us, including, but not limited to, individuals employed to work in Restaurants operated by us or by any other franchisee, then such former employer of such individual shall be entitled to be compensated for the reasonable costs and expenses, of whatever nature or kind, incurred by such employer in connection with the training of such employee. The parties hereto agree that such expenditures may be uncertain and difficult to ascertain and therefore agree that the compensation specified herein reasonably represents such expenditures and is not a penalty. An amount equal to the compensation of such employee for the six (6) month period (or such shorter time, if applicable) immediately prior to the termination of his employment with such former employer shall be paid by you to the former employer prior to such individual assuming the position of Operating Principal or other managerial position unless otherwise agreed with the former employer. In seeking any individual to serve as Operating Principal or in such other managerial position, you and the Principals shall not discriminate in any manner whatsoever to whom the provisions of this Section apply, on the basis of the compensation required to be paid hereunder, if you or any Principal designate or employ such individual. The parties hereto expressly acknowledge and agree that no current or former employee of us, you, or of any other entity operating under the System shall be a third party beneficiary of this Agreement or any provision hereof. Notwithstanding the above, solely for purposes of bringing an action to collect payments due under this Section, such former employer shall be a third party beneficiary of this Section 6.6. We hereby expressly disclaim any representations and warranties regarding the performance of any employee or former employee of ours, or any franchisee under the System who is designated as your Operating Principal or employed by you or any of the Principals in any capacity, and we shall not be liable for any losses, of whatever nature or kind, incurred by you or any Principal in connection therewith.

#### **6.7 Compliance with Laws**

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government, including licenses required to sell alcoholic beverages at your Restaurant, as well as certifications related to the safe service of food products and alcohol awareness.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

#### **6.8 Principal’s Spouse**

If any Principal is a married individual, and the Principal’s spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of the Guaranty attached to this Agreement as Attachment 8.

#### **6.9 Compliance with All Other Obligations**

You shall comply with all other requirements and perform such other obligations as provided hereunder.

## **ARTICLE 7: FRANCHISE OPERATIONS**

### **7.1 Compliance with Standards**

You understand the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Restaurant.

### **7.2 Maintenance of Restaurant**

You shall maintain the Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain system-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Restaurant or to provide the Restaurant services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manual, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Restaurant or its premises without our prior written approval, which shall not be unreasonably withheld.

### **7.3 Remodeling and Redecorating**

To assure the continued success of the Restaurant, you shall, upon our request, remodel and/or redecorate the Restaurant premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to our then-current system-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Restaurant franchise is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Restaurant premises as described herein.

### **7.4 Approved Suppliers**

You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale or computer hardware and software systems) and other products used or offered for sale at the Restaurant. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so. We reserve the right to require you to pay to us our then-current fee (not to exceed \$2,500) for evaluation and testing. You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the



proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier. Nothing herein shall be construed to require us to approve any particular supplier.

## **7.5 Operation of Restaurant in Compliance with Our Standards**

To ensure that the highest degree of quality and service is maintained, you shall operate the Restaurant in strict conformity with such of our methods, standards and specifications set forth in the Manual and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, only as expressly authorized by us in writing in the Manual or otherwise in writing.

7.5.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time.

7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manual or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.5.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.5.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, and related items as we may reasonably direct from time to time in the Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without our prior written consent, any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

7.5.6 To grant us and our agents the right to enter upon the Restaurant premises, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or

our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.5.7 You must designate an experienced kitchen manager (“Head Cook”) approved by us, to supervise the Restaurant’s kitchen staffing, scheduling and training. If you will not be the Head Cook, you must hire a Head Cook approved by us. The Head Cook must satisfactorily complete our training program. If you replace your Head Cook, they will need to satisfactorily complete our training program at your cost.

7.5.8 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.5.9 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Restaurant premises as specified in the Manual, thereby permitting us to inspect and monitor electronically information concerning your Restaurant, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain Internet access or other means of electronic communication, as specified by us from time to time. It shall be a default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at such times and in such manner as we shall from time to time specify.

7.5.10 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.5.11 To sell or otherwise issue gift cards or certificates (together “Gift Cards”) that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manual or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Duff’s Famous Wings Restaurant. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Duff’s Famous Wings Restaurants and for making timely payment to us, other operators of Duff’s Famous Wings Restaurants, or a third-party service provider for Gift Cards issued from the Restaurant that are honored by us or other Duff’s Famous Wings Restaurant operators. You must pay the then-current fee to our approved gift card supplier as set forth in the Manual.

7.5.12 To keep your Restaurant open for the core hours that we designate, subject to the terms of your lease and applicable law.

7.5.13 You will not make any sales or deliver any products to customers located outside of your Protected Area, unless the customer is located in an area where there is not another Duff’s Famous Wings Restaurant in operation.



## **7.6 Proprietary Products**

You acknowledge and agree that we and our affiliates have developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

You understand and acknowledge that you are strictly prohibited from selling any products, including proprietary products, at wholesale, online or through other similar common carrier electronic delivery system.

## **7.7 Advertising and Promotional Materials**

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

## **7.8 Complaints**

You shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars (\$500.00), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

## **7.9 Power of Attorney for Telephone Listings, etc.**

Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including but not limited to the Internet Advertising, Social Media, Software and Telephone Account Agreement attached hereto as Attachment 6, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 17.15: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the Internet or World Wide Web without our express written consent, which consent may be denied without reason.

## **7.10 Power of Attorney for Taxes**

Upon execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary to appoint us as your true and lawful attorney-in-fact with full

power and authority for the sole purpose of obtaining any and all returns and reports filed by you with any state or federal taxing authority relating to the Franchised Business.

#### **7.11 Unapproved Products and Services**

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

#### **7.12 Customer Surveys**

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Restaurant. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

#### **7.13 Mystery Shopper Service**

We may designate an independent evaluation service to conduct a “mystery shopper” quality control and evaluation program with respect to Restaurants. You agree that the Restaurant will participate in such mystery shopper program, as prescribed and required by us, provided that Restaurants owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation. We shall have the right to require you to pay the then-current charges imposed by such evaluation service with respect to inspections of the Restaurant, and you agree that you shall promptly pay such charges. If you incur three (3) below average or unsatisfactory mystery shops in any twelve (12) month period, we have the right to terminate this Agreement.

#### **7.14 Pricing**

With respect to the offer and sale of all menu and beverage items, we may from time to time offer guidance with respect to the selling price for such goods, products and services or we may, subject to applicable law, determine the maximum selling prices for such menu and beverage items, and you shall be bound to adhere to any such recommended or required pricing. If you elect to sell any or all of your products or merchandise at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that offering such products or merchandise at the recommended or required price will enhance your sales or profits.

#### **7.15 Catering and Delivery Services**

You understand and acknowledge that you are prohibited from offering or providing catering or delivery services from your Restaurant without our prior written consent, which we are not required to provide. If we permit you to offer and provide catering or delivery services, we reserve the right to (a) require you to purchase or lease certain equipment, such as delivery or catering vehicles, to provide such services, and (b) modify the boundaries of your Protected Area; provided that such modification does not infringe on the territorial rights of any other franchisee in the System.

## **ARTICLE 8: ADVERTISING AND RELATED FEES**

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

### **8.1 Participation in Advertising**

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

### **8.2 Local Advertising**

In addition to the ongoing advertising contributions set forth herein and, subject to any allocation of your expenditures for local advertising to the Cooperative as described in Section 8.4, you shall spend, throughout the term of this Agreement, one percent (1%) of Gross Sales each month on advertising for the Restaurant in your Protected Area ("Local Advertising"). You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require. Any advertising materials that you wish to use for Local Advertising must first be approved by us, as described in Section 8.5 below.

If your landlord requires you to participate in any marketing or promotion fund related to the Accepted Location, the amounts you pay may be applied towards satisfying your Local Advertising obligations if first approved in writing by us. We reserve the right to restrict the amount of money paid into a landlord's marketing fund that can be applied toward your Local Advertising requirement.

### **8.3 Brand Development Fund**

We reserve the right to establish and administer a Brand Development Fund for the purpose of advertising the System on a regional or national basis (the "Brand Development Fund"). You agree to pay the Brand Development Fee as described in Section 4.3 above. You agree that the Brand Development Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. We and our affiliates shall, with respect to Restaurants operated by us, contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees are not obligated to spend any amount on advertising in your Protected Area, and undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. We shall be entitled to reimbursement from the Brand Development Fund for our reasonable expenses in managing the Brand Development Fund.

8.3.2 You agree that the Brand Development Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct

mail and outdoor billboard advertising; internet marketing; public relations activities; employing advertising agencies to assist therein; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All Brand Development Fees shall be maintained in a separate account by us and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Brand Development Fund and advertising programs for franchisees and the System. The Brand Development Fund and its earnings shall not otherwise inure to our benefit. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above.

8.3.3 A statement of the operations of the Brand Development Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations may be unaudited.

8.3.4 Any monies remaining in the Brand Development Fund at the end of any year will carry over to the next year. Although the Brand Development Fund is intended to be of perpetual duration, we may terminate the Brand Development Fund. The Brand Development Fund shall not be terminated, however, until all monies in the Brand Development Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Brand Development Fund, we may, in our sole discretion, reinstate the Brand Development Fund at any time. If we so choose to reinstate the Brand Development Fund, said reinstated Brand Development Fund shall be operated as described herein.

8.3.6 We will not use the Brand Development Fund for advertising principally for the solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “franchises available” or similar phrasing.

## **8.4 Cooperative Funds**

We may, in our discretion, create, change, dissolve or merge any regional advertising cooperative (“Cooperative”) in any geographic area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Protected Area is located. In no event may the Restaurant be required to be a member of more than one cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto, which may be up to one percent (1%) of Gross Sales each month. You shall contribute such amounts at the times and in the manner as determined by us. Any funds contributed to a Cooperative will be credited against your obligation to pay for Local Advertising as set forth in Section 8.2 above; provided, however, that if your contributions to a Cooperative are less than your Local Advertising requirement, you shall nevertheless spend the difference locally. The following provisions will apply to each Cooperative:

a. the Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;

b. the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members’ use in Local Advertising within the Cooperative’s area;

c. the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

d. except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Franchised Businesses owned;

e. without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

f. Each Cooperative member shall contribute an amount for each Restaurant that member owns that exists within the Cooperative's geographic area; each Restaurant we own that exists within the Cooperative's geographic area will contribute on the same basis as other members;

g. no later than the fifteenth (15<sup>th</sup>) day of each month, each member/franchisee must submit its contribution under Section 8.4(f) for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval;

h. if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members; and

i. each Cooperative and its member shall operate in compliance with the terms set forth in our Manual.

## **8.5 Conduct of Advertising; Our Approval**

All advertising and promotion by you in any medium including any use of the Marks on social media, website-based applications and other means of advertising on the Internet shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manual or otherwise and require our express written approval. You shall obtain our written approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us not later than fourteen (14) days before you plan on using them. If we do not disapprove of such materials within seven (7) days after our receipt thereof, the proposed materials are deemed to be approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. If you wish to advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication, you must follow our online policy set forth in the Manual.

We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website.

## **8.6 Initial Marketing Campaign**

In addition to the ongoing advertising contributions set forth herein, you shall be required to spend not less than Ten Thousand Dollars (\$10,000) on an initial marketing campaign to advertise the opening of the Restaurant. The initial marketing campaign shall be conducted in the six (6) week period comprising two (2) weeks prior to and four (4) weeks following the Restaurant's opening. All advertisements proposed to be used in the initial marketing campaign are subject to our review and approval in the manner set forth in this Article 8. We may, in our discretion, require that your initial marketing campaign include promotional giveaways.

## **8.7 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, you agree to the following:

8.7.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, Duff's Famous Wings Restaurants and any or all of the products offered at Restaurants, the franchising of Duff's Famous Wings Restaurants, and/or the System. You acknowledge and agree that we have the sole right to market on the Internet and to establish a Website including the use of domain names, advertising and co-branding arrangements and that we may also restrict your ability to use social media in compliance with our online policy set forth in the Manual which we may revise in our sole discretion. We 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; we shall also have the right to discontinue operation of the Website.

8.7.2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

8.7.3 You shall not establish a separate Website related to the Proprietary Marks or the System without our prior written approval (which we shall not be obligated to provide). You agree that we may not allow you to independently advertise on the Internet or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. If you are approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under this Article 8.

8.7.4 We shall have the right to modify the provisions of this Section 8.7 relating to Websites as we shall solely determine is necessary or appropriate.

8.7.5 You understand and agree that you may not promote your Restaurant or use any Proprietary Mark in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, Instagram and Twitter, unless you do so in compliance with our online policy set forth in our Manual.



## **ARTICLE 9: MARKS**

### **9.1 Use of Marks**

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

### **9.2 Ownership of Marks; Limited License**

You expressly understand and acknowledge that:

9.2.1 We are the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in and to the Marks shall be deemed to include the owner's right, title and interest in and to such Marks.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its Accepted Location or in approved advertising related to the Restaurant.

9.2.3 You understand and agree that the limited license to use the Marks granted herein applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.



### **9.3 Limitation on Use of Marks**

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Restaurant only under the name “Duff’s Famous Wings” without prefix or suffix. You shall not use the Marks as part of your corporate or other legal name, and shall obtain our approval of such corporate or other legal name prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any Successor Agreement hereof, you shall identify yourself as the independent owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

### **9.4 Notification of Infringement or Claim**

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your authorized use of any of the Marks (including settlement amounts) in accordance with the terms of this Agreement, provided that you and your Principals have fully complied with the terms of this Agreement.

### **9.5 Retention of Rights by Us**

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution,



license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

## **ARTICLE 10: CONFIDENTIALITY AND NON-COMPETITION COVENANTS**

### **10.1 Confidential Operations Manual**

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manual, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manual, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

10.1.2 You and the Principals shall at all times treat the Manual, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Restaurant. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manual, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Restaurant premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manual, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manual and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manual that have been replaced or updated by us if we provide the Manual to you in hard copy format. You expressly agree to comply with each new or changed standard.

10.1.6 You shall at all times ensure that the Manual are kept current and up to date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us at our headquarters shall control.

### **10.2 Confidential Information**

10.2.1 Neither you nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall

be deemed confidential for purposes of this Agreement. Neither you nor any Principal shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your Operating Principal and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4.

10.2.3 If you, the Principals, the Operating Principal or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

### **10.3 Non-Competition**

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement, except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operate or license others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant, including a food service business which offers and sells the same or similar food products (a “Competitive Business”).

10.3.2 With respect to you, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement (or, with respect to each of the Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of “Principals” as described in Section 19.18 of this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a ten (10) mile radius of the location of any Restaurant in the System.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(a) You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) You and the Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person’s employment with you) from your Operating Principal and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

#### **10.4 Failure to Comply**

You and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Article 17 hereof. You and the Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Section. You and the Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

### **ARTICLE 11: BOOKS AND RECORDS**

#### **11.1 Books and Records**

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manual or otherwise in writing.

#### **11.2 Reports**

In addition to the Royalty Report required by Article 4 hereof, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a profit and loss statement for each month (which may be unaudited) for you within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, not later than March 15<sup>th</sup> of each year during the term hereof, showing your results of operations for the previous calendar year; we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

#### **11.3 Inspections; Audits**

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Restaurant. You shall make such books and records available to us or our designees immediately upon request. If any required Royalty Fee or other payments due to us is delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection

discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

#### **11.4 Correction of Errors**

You understand and agree that our receipt or acceptance of any of the statements furnished or Royalty Fees paid to us (or the cashing of any checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

#### **11.5 Authorization of Us**

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Restaurant. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

#### **11.6 We are Attorney-in-Fact**

Notwithstanding any forms and documents which may have been executed by you under Section 7.10, you hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

### **ARTICLE 12: INSURANCE**

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, the following:

12.2.1 Comprehensive general liability coverage (including bodily injury, personal injury and advertising injury) with limits of not less than One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate and Five Hundred Thousand Dollars (\$500,000) to One Million Dollars (\$1,000,000) damage to rented premises per occurrence.



12.2.2 Personal injury insurance with limits of One Million Dollars (\$1,000,000) per occurrence and Ten Thousand Dollars (\$10,000) per person medical benefits.

12.2.3 Specialty coverage to protect against product liability and for any and all damages that could result from injury or death to any person as a result of eating or ingesting any items sold at your Restaurant, with limits of not less than One Million Dollars (\$1,000,000) per occurrence.

12.2.4 Liquor liability coverage of not less than One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) aggregate.

12.2.5 All perils property damage coverage for personal property contained in the Restaurant premises as well as outside (such as signage).

12.2.6 Automobile liability insurance for vehicles used in the Franchised Business, whether owned or non-owned, with limits of not less than Two Hundred Fifty Thousand Dollars (\$250,000) and including uninsured and underinsured motorist coverage.

12.2.7 Business interruption insurance to recover lost income if your Restaurant is unable to operate for a period of not less than nine months.

12.2.8 Money and securities insurance with coverages of at least Ten Thousand Dollars (\$10,000) inside and Five Thousand Dollars (\$5,000) outside.

12.2.9 Workers compensation and employer liability insurance in the amounts required by the laws of the state where the Restaurant is located.

12.2.10 Any other insurance that may be required by the terms of your lease or that may be required by us in the future.

12.2.11 All insurance policies shall include a waiver of subrogation in favor of us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us.

12.4 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15 of this Agreement.

12.5 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.6 Not later than two (2) weeks before the Restaurant initially opens for business, and thereafter thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those



required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.8 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

12.9 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Restaurant, and you agree to comply with any such changes, at your expense.

## **ARTICLE 13: DEBTS AND TAXES**

### **13.1 Taxes**

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement.

### **13.2 Payments to Us**

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

### **13.3 Tax Disputes**

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the Accepted Location of the Franchised Business or any improvements thereon.

### **13.4 Compliance with Laws**

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

### **13.5 Notification of Action or Proceeding**

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

## **ARTICLE 14: TRANSFER OF INTEREST**

### **14.1 Transfer by Us**

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “Duff’s Franchise Group, Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

### **14.2 Transfer by You**

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in you, in this Agreement, in the Restaurant and/or any of the Restaurant’s material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in you or in any Principal that is an entity, in each case without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute an event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Restaurant, any of the Restaurant’s material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a

Principal wishes to transfer or permit a transfer of any ownership interest in you, then in each such case (any or all of which are referred to in this Article 14 as a “Restricted Transfer”), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction:

(c) The transferor and its principals (if applicable) shall have executed a general release, in the form attached to our Franchise Disclosure Document, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations (provided, however, that all rights enjoyed by you and any causes of action, known or unknown, arising in your favor from the provisions of Article 33 of the New York General Business Law (“GBL”) and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied);

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee’s application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee’s good moral character, business reputation and credit rating; transferee’s aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee’s financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee’s shareholders, partners or other investors, as applicable, shall execute such agreement as transferee’s principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such Successor terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Restaurant, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current System-wide percentage Royalty Fee, Brand Development Fee or advertising expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant to conform to the then-current standards and specifications of the System, and shall

complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(h) The transferor shall remain liable for all of the obligations to us in connection with the Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(i) At the transferee's expense, the transferee, the transferee's operating principal and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as we may reasonably require;

(j) We shall be paid a transfer fee equal to seventy-five percent (75%) of our then-current initial franchise fee if the transfer is to a new franchisee for the System, or fifty percent (50%) of our then-current initial franchise fee if the transfer is to an existing franchisee, to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees;

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer.

14.2.3 You shall not grant a security interest in the Restaurant or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

### **14.3 Transfer to a Corporation or Limited Liability Company**

In the event you desire to operate the Franchised Business through a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporate entity formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the corporation as he had in you prior to the transfer. A transfer under this Section 14.3 may occur one (1) time only.

Additionally, the following conditions shall apply: (i) ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement; (ii) the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us; (iii) the newly formed corporation or limited liability company shall conduct no business other than the Franchised Business; and (iv) copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to addition of your

corporation or limited liability company as a “franchisee” under this Agreement. A transfer under this Section 14.3 may occur one (1) time only.

#### **14.4 Our Right to Purchase Business**

14.4.1 If you wish to transfer all or part of your interest in the Restaurant or this Agreement or if you wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller’s interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller’s interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the “Offer Terms”). In the event that we elect to purchase the seller’s interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 14 with respect to a proposed transfer.

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Restaurant (including lease and contract rights and other assets of you and your affiliates used in connection with the Restaurant, excluding the assets of your benefit plans) (collectively, the “Restaurant Interests”). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Restaurant Interests, determined in a manner consistent with Section 18.12.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the



fair market value (determined as provided in Section 18.12.1) of any assets included in the Restricted Transfer that are not related to the Restaurant. If you have more than one (1) Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

(c) We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1 above.

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

14.4.3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Restaurant or this Agreement shall constitute an event of default under this Agreement.

## **14.5 Death or Disability**

14.5.1 Upon your death (if you are a natural person) or upon the death of any Principal who is a natural person and who has an interest in this Agreement, the Restaurant or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

14.5.2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Principal who has an interest in this Agreement, the Restaurant or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 14 within six (6) months after notice to you. “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.5. The costs of any examination required by this Section shall be paid by us.

14.5.3 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer. If an interest is not transferred upon

death or permanent disability as required in this Section, then such failure shall constitute an event of default under this Agreement.

14.5.4 In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Restaurant to our required standards, operate the Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by us shall be kept in a separate account, and the expenses of the Restaurant, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Restaurant franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

#### **14.6 No Waiver of Claims**

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

#### **14.7 Transfer Among Owners**

If any person holding an interest in you, this Agreement or the Restaurant (other than you or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer. Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such will have to execute our then-current form of Confidentiality and Non-Competition Agreement required by us. We also reserve the right to designate the transferee as one of the Controlling Principals. Notwithstanding the provisions contained in Section 14.2 to the contrary, the Controlling Principals may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred.

### **ARTICLE 15: INDEMNIFICATION**

#### **15.1 Indemnification by You**

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (“Indemnitees”), from all “losses and expenses” (as defined in Section 15.4.2 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10);



15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any franchisee operating under the System, by you or by any of the Principals;

15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Restaurant.

## **15.2 Notification of Action or Claim**

You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.

## **15.3 We May Settle**

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

## **15.4 Losses and Expenses**

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 15, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

### **15.5 Indemnitees Do Not Assume Liability**

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

### **15.6 Recovery from Third Parties**

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.

### **15.7 Survival of Terms**

You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **ARTICLE 16: RELATIONSHIP OF THE PARTIES**

### **16.1 No Relationship**

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You further agree that fulfillment of any and all of our obligations written in the Franchise Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

### **16.2 Independent Contractor**

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Restaurant operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Restaurant premises established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manual. We reserve the right to specify in writing the content, form and placement of such notice.

### **16.3 You are Not Authorized**

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

## ARTICLE 17: TERMINATION

### 17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.1.3 You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate the Restaurant or sell any products or services authorized by us for sale at the Restaurant at a location which has not been approved by us;

(b) If you fail to acquire an accepted location for the Restaurant within the time and in the manner specified in Article 2;

(c) If you fail to construct or remodel the Restaurant in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.5;

(d) If you fail to open the Restaurant for business within the period specified in Section 2.6 hereof;

(e) If you at any time cease to operate or otherwise abandon the Restaurant, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event, for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval

may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Restaurant is not in operation;

(f) If you or any of the Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant;

(h) If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Restaurant to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us;

(k) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach any of the covenants set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

(o) If you fail to propose a qualified replacement or successor Operating Principal within the time required under Section 6.3.4 following ten (10) days prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;



(r) If you or any of the Principals commit three (3) events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If your Operating Principal is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement Operating Principal;

(t) If you fail to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(u) If you incur three (3) insufficient funds fees in any twelve (12) month period; or

(v) If you incur three (3) mystery shops in any twelve (12) month period where such mystery shop results in a below average or unsatisfactory result.

## **17.2 Notice of Termination – 30 Days to Cure**

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us, or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

## **17.3 Cross-Defaults, Non-Exclusive Remedies, etc.**

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement,

security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

#### **17.4 Our Right to Discontinue Services to You**

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our Website, until such time as you correct the breach.

#### **17.5 Amendment Pursuant to Applicable Law**

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

### **ARTICLE 18: POST-TERMINATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

#### **18.1 Cease Operations**

You shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

#### **18.2 Stop Using the System**

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "Duff's Famous Wings"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.



### **18.3 Cancellation of Assumed Names**

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Mark “Duff’s Famous Wings” or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

### **18.4 No Use of Similar Marks**

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

### **18.5 Payment of Sums Owed**

You and your Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys’ fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

### **18.6 Payment of Damages, Costs and Expenses**

You and the Principals shall pay to us all damages, costs and expenses, including reasonable attorneys’ fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.

### **18.7 Delivery of Manual and Materials**

You shall immediately deliver to us all Manual, software licensed by us, records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

### **18.8 Confidential Information**

You and the Principals shall comply with the restrictions on confidential information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants.

### **18.9 Advertising and Promotional Materials**

You shall also immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such



materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

#### **18.10 Assignment to Us**

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Restaurant are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

#### **18.11 Assignment of Lease**

If you operate the Restaurant under a lease for the Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the Restaurant, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Restaurant or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Restaurant premises or do not have such option, you shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon the premises of the Restaurant, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Restaurant premises from and after the date of the assignment of lease.

#### **18.12 Our Right to Purchase**

18.12.1 Except as provided in Sections 18.9, 18.10 and 18.13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant, at fair market value. We shall be purchasing your assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Restaurant premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own

the land on which the Restaurant is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

### **18.13 Restaurant Assets**

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate the Restaurant from a premises that is subleased to you by us, upon termination (or expiration if you do not renew) of this Agreement, we shall have the right to take immediate possession of the assets of the Restaurant, including, any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, supplies, and inventory of yours related to the operation of the Restaurant. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.

### **18.14 Assignment of Options by Us**

We shall be entitled to assign any and all of our options in this Article to any other party, without your consent.

### **18.15 Assignment of Numbers and Listings**

Franchisee shall execute such forms and documents included in Attachment 6 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this

Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

### **18.16 Liquidated Damages**

If we terminate this Agreement with cause, you must pay us, within 15 days after the effective date of this Franchise Agreement's termination, liquidated damages equal to the average value of the Royalty Fees you paid (per month) to us during the twelve (12) months before the termination multiplied by the greater of: (i) twenty-four (24), being the number of months in two (2) full years; or (ii) the number of months remaining during the term of this Agreement, provided however that in no circumstances shall liquidated damages owed under this Section be less than \$30,000.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

## **ARTICLE 19: MISCELLANEOUS**

### **19.1 Notices**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by overnight delivery service to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, or sent by email to the addresses set forth on the signature page, unless and until a different address has been designated by written notice to the other party.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

### **19.2 Entire Agreement**

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the "Franchise Disclosure Document" that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on

either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. No provision herein expressly identifying any term or breach of this Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material.

### **19.3 No Waiver**

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

### **19.4 Our Prior Approval**

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing.

### **19.5 No Warranty or Guaranty**

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

### **19.6 Continued Obligation to Pay Sums**

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

### **19.7 Mediation and Arbitration**

19.7.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.7.3. If we and you cannot agree on a location, the mediation will be conducted in the county where we maintain our headquarters. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its

own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.7.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.7.3.

19.7.3 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in the state where we maintain our headquarters under the authority of such state's statutes ("Statutes"). The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-Successor term of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

## **19.8 Governing Law; Injunctive Relief**

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts and the Federal District Court nearest to our headquarters (currently Erie County, New York). You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by applicable state or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be the county where we maintain our headquarters; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the law of the state where we maintain our headquarters.

Notwithstanding anything to the contrary contained in Section 19.7 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit its dispute for arbitration on the merits as provided herein.

You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to



us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

### **19.9 Agreement Regarding Governing Law and Choice of Forum**

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

### **19.10 Acceptance of Agreement**

You, the Principals and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in New York, and further acknowledge that the performance of certain obligations of yours arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in New York.

### **19.11 Waiver of Punitive Damages; Waiver of Jury Trial; Limitation of Actions**

You, the Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. You, the Principals, and we agree that any legal action of any kind by a party arising out of or relating to this Agreement or a default of this Agreement must be commenced within one (1) year from the occurrence of the facts giving rise to any such claim or action or such claim or action will be barred provided, however, that the forgoing limitation shall not apply where required by applicable law, to the parties indemnification obligations under this Agreement. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Restaurant, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

### **19.12 Execution in Multiple Counterparts**

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

### **19.13 Captions**

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

### **19.14 Survival of Terms**

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

### **19.15 Severability of Provisions**

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

### **19.16 Joint and Several Obligations**

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

### **19.17 Rights and Remedies Cumulative**

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

### **19.18 References**

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors,



and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

### **19.19 No Rights or Remedies Except to the Parties**

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

### **19.20 Effectiveness of Agreement**

This Agreement shall not become effective until signed by an authorized officer of ours.

### **19.21 Modification of the System**

You understand and agree 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 and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we 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 products, programs and services which your Franchised Business is authorized and required 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 you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You 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.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive 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.

### **19.22 Operation in the Event of Absence or Disability**

In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Restaurant, operate the Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by us shall be kept in a separate account, and the expenses of the Restaurant, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the

Restaurant franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

### **19.23 Assumption of Management**

Interim Manager. In order to prevent any interruption of operations which would cause harm to or depreciate the value of the Restaurant, we have the right, but not the obligation, to step-in and designate an individual or individuals of our choosing (“Interim Manager”) for so long as we deem necessary and practical to temporarily manage your Restaurant (“Step-In Rights”): (i) if you fail to comply with any System standard or provision of this Agreement and do not cure the failure within the time period specified by the Agreement or us; (ii) if we determine in our sole judgment that the operation of your Restaurant is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate your Restaurant; (iv) if you abandon or fail to actively operate your Restaurant; (v) upon your Responsible Owner or your Franchise Manager’s absence, termination, illness, death, incapacity or disability; (vi) if we deem your Responsible Owner or your Franchise Manager incapable of operating your Restaurant; or (vii) upon a “Crisis Management Event.”

A “Crisis Management Event” means any event or series of events that occurs at the Restaurant that has or may cause harm or injury to customers or employees, or any other circumstance which may damage the System, Marks or image or reputation of the Restaurant or us or our affiliates. We may establish emergency procedures which may require you to temporarily close the Restaurant to the public, in which case you agree that we will not be held liable to you for any losses or costs. You agree to notify us immediately by telephone and email upon the occurrence of a Crisis Management Event.

Step-In Rights. If we exercise the Step-In Rights: (i) you agree to pay us, in addition to all other amounts due under this Agreement, our then-current “Management Fee” (currently, equal to \$500 per day per Interim Manager that manages your Restaurant), plus the Interim Manager’s direct out-of-pocket costs and expenses; (ii) all monies from the operation of your Restaurant during such period of operation by us shall be kept in a separate account, and the expenses of the Restaurant, including compensation and direct out-of-pocket costs and expenses for the Interim Manager, shall be charged to said account; (iii) you acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Restaurant incurs, or to any of your creditors for any supplies, products, or other assets or services your Restaurant purchases, while Interim Manager manages it; (iv) the Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager, and you will indemnify and hold us harmless for and against any of the Interim Manager’s acts or omissions, as regards to the interests of you or third parties; and (v) you agree to pay all of our reasonable attorney fees, accountant’s fees, and other professional fees and costs incurred as a consequence of our exercise of the Step-In Rights.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

## **ARTICLE 20: TECHNOLOGY**

### **20.1 Computer Systems and Software**

The following terms and conditions shall apply with respect to your computer system:



20.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Duff's Famous Wings Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Duff's Famous Wings Restaurants, between or among Restaurants, and between and among the Franchised Business and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "Computer System").

20.1.2 We shall 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 shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

20.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing ("Point of Sale Systems"), which shall be deemed part of your Computer System.

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

20.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us, at your cost.

## **20.2 Data**

We may, from time to time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Restaurant, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Restaurant, and all data created or collected by you in connection with the System, or in connection with your operation of the Restaurant (including without limitation data pertaining to or otherwise concerning the Restaurant's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

## **20.3 Privacy**

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and shall 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 shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said 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.

#### **20.4 Telecommunications**

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

#### **20.5 Intranet**

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an “Intranet”). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Restaurant. The Intranet may include, without limitation, the Manual, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

#### **20.6 On-line Use of Proprietary Marks**

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media unless it is done in accordance with the online policy set forth in our Manual.

#### **20.7 No Outsourcing Without Prior Written Consent**

Except in the case of emergency services, you shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

#### **20.8 Changes to Technology**

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 20 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

### **ARTICLE 21: SECURITY INTERESTS**

#### **21.1 Collateral**

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the

Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Restaurant. All items in which a security interest is granted are referred to as the "Collateral".

## **21.2 Indebtedness Secured**

The Security Interest is to secure payment of the following (the "Indebtedness"):

21.2.1 All amounts due under this Agreement or otherwise by you;

21.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

21.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

21.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any Successor Agreements or extension of this Agreement, whether or not you execute any extension agreement or Successor Term instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Restaurant, including, but not limited to, a real property mortgage and equipment leases.

## **21.3 Additional Documents**

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

## **21.4 Possession of Collateral**

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

## **21.5 Our Remedies in Event of Default**

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

## **21.6 Special Filing as Financing Statement**

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any

part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

## **ARTICLE 22: YOUR REPRESENTATIONS**

### **22.1 Your Representations**

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Restaurant.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

*Signature Page to Follow*



The parties hereto have executed this Franchise Agreement the day and year first above written.

FRANCHISOR:  
DUFF'S FRANCHISE GROUP, INC.

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

\_\_\_\_\_,  
(Print Name, Title)

Email: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_,  
(Print Name, Title)

Email: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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



## ATTACHMENT 1 TO THE FRANCHISE AGREEMENT

### ACCEPTED LOCATION AND TERRITORY

#### 1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Restaurant shall be located at the following Accepted Location:

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\*\*TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER AN DUFF'S FAMOUS WINGS PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 2.1 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF \_\_\_\_\_.

#### 2. TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Protected Area shall be:

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## ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

### COLLATERAL ASSIGNMENT OF LEASE

**FOR VALUE RECEIVED**, the undersigned (“Assignor”) assigns, transfers and sets over to Duff’s Franchise Group, Inc., a New York corporation (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as \_\_\_\_\_. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing and upon Assignor’s failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or Successor Agreement options in the name, place and stead of Assignor for the sole purpose of effecting the extension or Successor Agreements.

ASSIGNEE:

DUFF’S FRANCHISE GROUP, INC.

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

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

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

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

ASSIGNOR:

\_\_\_\_\_

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

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

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

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



## CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.

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

\_\_\_\_\_  
\_\_\_\_\_, Lessor

**ATTACHMENT 3 TO THE FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS**

Name

Percentage of Ownership

## ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

### **CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

**(for trained employees, shareholders, officers, directors,  
general partners, members and managers of Franchisee)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from Duff’s Franchise Group, Inc. (the “Company”) to establish and operate a Duff’s Famous Wings Restaurant (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and Accepted Location: \_\_\_\_\_ (the “Accepted Location”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Franchised Businesses offering chicken wings with proprietary sauces, appetizers, burgers, sandwiches, soft drinks, beer and wine. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manual (the “Manual”), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.





7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Protected Area, as defined in the Franchise Agreement ("Franchisee's Protected Area");

7.2 Ten (10) miles of Franchisee's Protected Area; or

7.3 Ten (10) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

**ACKNOWLEDGED BY FRANCHISEE**

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

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

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



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Duff's Famous Wings 2025 FA v1F

**ATTACHMENT 5 TO THE FRANCHISE AGREEMENT**  
**ELECTRONIC TRANSFER AUTHORIZATION**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND  
PAYABLE TO DUFF'S FRANCHISE GROUP, INC. ("COMPANY")**

Depositor hereby authorizes and requests \_\_\_\_\_ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Duff's Franchise Group, Inc. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

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

Date Signed

\_\_\_\_\_

\_\_\_\_\_  
Signature(s) of Depositor, as Printed Above

**Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.**



## ATTACHMENT 6 TO THE FRANCHISE AGREEMENT

### **INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”) by and between Duff’s Franchise Group, Inc, a New York Corporation (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Duff’s Famous Wings business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Duff’s Famous Wings brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### 2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media and Software Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:



2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as



between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.



The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

**Duff's Franchise Group, Inc**

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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



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Duff's Famous Wings 2025 FA v1F



**ATTACHMENT 7 TO THE FRANCHISE AGREEMENT**

**POWER OF ATTORNEY (TAX)**



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Duff's Famous Wings 2025 FA v1F

**IRREVOCABLE POWER OF ATTORNEY**

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

**KNOW ALL MEN BY THESE PRESENTS**

That \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”), does hereby irrevocably constitute and appoint Duff’s Franchise Group, Inc., a New York corporation (“Franchisor”), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee’s name, place and stead to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of obtaining any and all returns, records, reports and other documentation relating to the payment of taxes filed by Franchisee with any state and/or federal taxing authority, including, but not limited to, the State Comptroller of the State of \_\_\_\_\_, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney, and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no governmental agency, person, firm or corporation dealing with Franchisor, if acting in good faith, shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of documents delivered or funds or property paid or delivered to Franchisor. Any governmental agency, person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm, corporation or agency acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_ by and between Franchisor and Franchisee. Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. It is executed and delivered in the State of \_\_\_\_\_ and the laws of the State of \_\_\_\_\_ shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions.



IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_, a  
\_\_\_\_\_

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

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

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

STATE OF \_\_\_\_\_)

)

COUNTY OF \_\_\_\_\_)

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public in and for  
The State of \_\_\_\_\_

My commission expires:

\_\_\_\_\_



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Duff's Famous Wings 2025 FA v1F

## ATTACHMENT 8 TO THE FRANCHISE AGREEMENT

### SPOUSAL GUARANTY

This Guaranty (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_, to Duff’s Franchise Group, Inc, a New York corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_, and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Articles, 10, 15 and 19 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.



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

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Sign: \_\_\_\_\_

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



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Duff's Famous Wings 2025 FA v1F

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**



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Duff's Famous Wings 2025 FDD v2F

**DUFF'S FRANCHISE GROUP, INC.**

**FINANCIAL STATEMENTS  
(Audited)**

**DECEMBER 31, 2024 AND 2023**



**DUFF'S FRANCHISE GROUP, INC.**

**FINANCIAL STATEMENTS  
(Audited)**

**DECEMBER 31, 2024 AND 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Stockholders of  
Duff's Franchise Group, Inc.

### Opinion

We have audited the accompanying financial statements of Duff's Franchise Group, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and 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 Duff's Franchise Group, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Prior Period Financial Statements

The financial statements of Duff's Franchise Group, Inc. as of December 31, 2023 were audited by other auditors whose report dated February 26, 2024 and expressed an unmodified opinion on those statements.

### 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 Duff's Franchise Group, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements, 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, including omissions, 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules - schedules of cost of sales and operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*The ZLC Group CPAs LLC*

Buffalo, New York  
February 13, 2025

**Duff's Franchise Group, Inc.  
Balance Sheets**

**Assets**

	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash	240,601	147,697
Accounts Receivable, net of allowance for credit losses of \$0 in 2024 and 2023	19,757	2,732
Royalties Receivable, net of allowance for credit losses of \$0 in 2024 and 2023	28,468	26,833
<b>Total Current Assets</b>	<b>288,826</b>	<b>177,262</b>
<b>Other Assets</b>		
Loan- Affiliates	-	162,751
Organizational Costs, net of amortization	3,923	7,556
	<b>3,923</b>	<b>170,307</b>
<b>Total Assets</b>	<b>\$ 292,749</b>	<b>\$ 347,569</b>

**Liabilities and Stockholders' Equity**

	<b>2024</b>	<b>2023</b>
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	14,637	6,302
Contract Liabilities	41,120	37,528
Accrued Interest	-	12,700
<b>Total Current Liabilities</b>	<b>55,757</b>	<b>56,530</b>
<b>Stockholders' Equity</b>		
Common stock, no par value		
200 share authorized, issued, and outstanding	4,000	4,000
Retained Earnings	232,992	287,039
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 292,749</b>	<b>\$ 347,569</b>

*See accompanying notes*

**Duff's Franchise Group, Inc.**  
**Statements of Operations and Retained Earnings**  
**For the Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Revenue</b>	417,296	423,660
<b>Cost of Sales</b>	<u>63,792</u>	<u>100,242</u>
<b>Gross Profit</b>	353,504	323,418
<b>General and Administrative Expenses</b>	<u>399,118</u>	<u>294,558</u>
<b>Operating (Loss) Income</b>	(45,614)	28,860
<b>(Loss) Income before Taxes</b>	(45,614)	28,860
Income Taxes - PTE	<u>8,433</u>	<u>8,765</u>
<b>Net (Loss) Income</b>	(54,047)	20,095
<b>Retained Earnings - Beginning of the year</b>	287,039	274,944
Dividends	-	(8,000)
<b>Retained Earnings - End of the year</b>	232,992	287,039

See accompanying notes

**Duff's Franchise Group, Inc.**  
**Statements of Operations and Retained Earnings**  
**For the Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Net (Loss) Income	\$ (54,047)	\$ 20,095
Adjustments to reconcile net income to net cash flows		
Amortization	3,633	3,633
Bad debt expense	150,051	16,187
Decrease (Increase) in:		
Accounts receivable	(17,025)	(2,732)
Royalties receivable	(1,635)	(4,811)
Prepaid income taxes	-	1,420
Increase (Decrease) in:		
Accounts payable and accrued liabilities	8,335	7,278
Contract liabilities	3,592	-
Net Cash (Used In) Provided by Operations	<u>92,904</u>	<u>41,070</u>
<b>Cash Flows from Investing Activities</b>		
Loan to affiliates	<u>-</u>	<u>8,000</u>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	<u>-</u>	<u>(8,000)</u>
Net Increase in Cash	92,904	41,070
Cash - beginning of year	<u>147,697</u>	<u>106,627</u>
Cash - end of year	\$ <u><u>240,601</u></u>	\$ <u><u>147,697</u></u>

See accompanying notes



## **DUFF'S FRANCHISE GROUP, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

Note 1.

#### **Business and Summary of Significant Accounting Principles**

*Nature of Business* – Duff's Franchise Group, Inc. (the "Company") was incorporated in the state of New York on November 10, 2010. The principal purpose of the Company is to offer and sell franchises of Duff's Famous Wings restaurants to independent operators.

*Basis of Accounting* - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

*Cash Equivalents* - For purposes of the statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

*Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*Accounts and Royalty Receivables* - Receivables represent amounts due for royalty fees, franchise fees and sales of merchandise. The allowance for credit losses is the Company's estimate of the amount of probable credit losses in the Company's existing accounts receivable. The allowance for credit losses at December 31, 2024 is \$0 for both accounts and royalty receivables.

*Intangible assets* - Intangible assets consist of organizational costs which are amortized using the straight-line method. Amortization expenses for the years ended December 31, 2024 and 2023 amounted to \$3,633.

*Revenue Recognition* - Revenue consists primarily of franchise fees from franchisees, and royalties which are based on a percentage of sales. To determine its revenue recognition, the Company performs the following five steps for each contract: (1) identify the contract with a client, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when the performance obligation is satisfied. Other revenues include sale of sauce packets and merchandise to individuals which are recognized as revenue when the sale is made.

In addition, the Company sells gift cards with no expiration dates to customers. Gift cards issued by the Company are recorded as a liability until they are redeemed, at which point revenue is recognized. As of December 31, 2024 and 2023, contract liabilities totaled \$41,120 and \$37,528, respectively. These amounts are represented as contract liabilities in the Balance Sheets.

*Income Taxes* – The Company, with the consent of its shareholders, elected to be a S Corporation for both federal and state tax purposes. Accordingly, no provision for federal income taxes has been presented in the financial statements as the shareholders of the S Corporation are taxed on their proportionate share of the Company's taxable income.

*Adoption of New Credit Losses Standard* – On January 1, 2023, the Company adopted FASB ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and all related subsequent amendments thereto. This ASU replaced the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) method. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Company, the ASU applies to the measurement of its accounts receivable and contract assets. Accounts receivable and contract assets are now presented by using an allowance for credit losses to reduce the receivables and contract asset balances to the net amount expected to be collected over the lives of the receivables and contract assets. The Company adopted the new standard using the modified retrospective approach. For the Company, there was no transition adjustment related to the adoption of CECL.



Note 1. **Business and Summary of Significant Accounting Principles (Continued)**

*Advertising* - The Company expenses advertising as incurred. Advertising expenses in 2024 and 2023 totaled \$7,604 and \$1,621, respectively.

*Reclassifications* - Certain reclassifications have been made to the 2023 financial statements presentation to correspond to the current year's format. Total equity and net income are unchanged due to these reclassifications.

Note 2. **Related Party Transactions**

Certain shareholders of the Company have ownership in the franchises. Royalties are calculated using a percentage of sales based on monthly sales reports for the individual franchises and paid on a monthly basis. Total revenues from related parties amounted to \$159,107 and \$149,969 for 2024 and 2023, respectively. In addition, the Company had outstanding loans to shareholders totaling \$162,751 as of December 31, 2023. In 2024, the related party loans were written off by the Company as repayment was considered unlikely.

Note 3. **Concentrations**

As of December 31, 2024, and 2023, three customers made up 100% of royalty receivables in both years. For the years ended December 31, 2024, and 2023, two customers made up 75% and 67% of total revenue, respectively.

Note 4. **Supplementary Information to the Statement of Cash Flows**

Accrued interest due to investors was in the amount of \$12,700 for the year ended December 31, 2023. There was no interest paid as of December 31, 2024 and 2023.

Note 5. **Subsequent Events**

The Company has evaluated events after December 31, 2024 and through February 13, 2025, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY FINANCIAL INFORMATION**

**Duff's Franchise Group, Inc.**  
**Schedules of Cost of Sales and General and Administrative Expenses**  
**For the Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Cost of Sales</b>		
Purchases	\$ 63,792	\$ 100,242
<b>General and Administrative Expenses</b>		
Bad debt expense	\$ 150,051	\$ 16,187
Trademark royalties	135,654	126,955
Professional services	37,632	23,749
Officer payroll	26,000	26,000
Travel and meals	13,358	13,343
Office expenses	7,640	3,783
Advertising	7,604	1,621
Charitable contributions	5,000	8,153
Amortization	3,633	3,633
Computer expenses	3,234	3,834
Insurance	2,959	4,009
Gift card expenses	2,648	644
Payroll taxes	2,132	2,638
Bank charges	1,080	2,156
Licenses and permits	493	853
Consulting fees	-	57,000
	\$ <u>399,118</u>	\$ <u>294,558</u>

See accompanying notes

***DUFF'S FRANCHISE GROUP, INC.***  
***FINANCIAL STATEMENTS***  
***(Audited)***  
***AND SUPPLEMENTAL INFORMATION***  
***YEARS ENDED DECEMBER 31, 2023 AND 2022***

**DUFF'S FRANCHISE GROUP, INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Duff's Franchise Group, Inc.  
Amherst, New York

### **Opinion**

We have audited the accompanying balance sheets of Duff's Franchise Group, Inc., a New York corporation, as of December 31, 2023 and 2022, and the related statements of earnings, retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the balance sheets referred to above presents fairly, in all material respects, the financial position of Duff's Franchise Group, Inc. as of December 31, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 Duff's Franchise Group, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Duff's Franchise Group, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Accounting Group of Western New York CPA PC*  
Accounting Group of Western New York, CPA, PC  
Elma, New York  
February 26, 2024



**DUFF'S FRANCHISE GROUP, INC.**

**BALANCE SHEETS**

**DECEMBER 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 147,697	\$ 106,627
Accounts receivable	2,732	-0-
Royalties receivable	26,833	22,022
Prepaid income taxes	-0-	1,420
Loan receivable	-0-	16,187
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	177,262	146,256
	<hr/>	<hr/>
<b>OTHER ASSETS:</b>		
Loan – Affiliates	162,751	170,751
Organizational costs, net of amortization	7,556	11,189
	<hr/>	<hr/>
	170,307	181,940
	<hr/>	<hr/>
	\$ 347,569	\$ 328,196
	<hr/>	<hr/>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 43,248	\$ 36,405
Accrued interest	12,700	12,700
Accrued payroll taxes	63	63
Accrued income taxes	519	84
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	56,530	49,252
	<hr/>	<hr/>
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, no par value, 200 shares authorized, issued and outstanding	4,000	4,000
Retained earnings	287,039	274,944
	<hr/>	<hr/>
	291,039	278,944
	<hr/>	<hr/>
	\$ 347,569	\$ 328,196
	<hr/>	<hr/>

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

**DUFF'S FRANCHISE GROUP, INC.**

**STATEMENTS OF EARNINGS AND RETAINED EARNINGS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
REVENUE	\$ 423,660	\$ 297,799
COST OF SALES	<u>100,242</u>	<u>74,074</u>
GROSS PROFIT	323,418	223,725
GENERAL AND ADMINISTRATIVE EXPENSES	<u>294,558</u>	<u>193,009</u>
OPERATING INCOME	<u>28,860</u>	<u>30,716</u>
INCOME BEFORE TAXES	28,860	30,716
INCOME TAXES	<u>8,765</u>	<u>8,210</u>
NET INCOME	20,095	22,506
RETAINED EARNINGS – beginning of year	274,944	252,438
DIVIDENDS	<u>(8,000)</u>	<u>-0-</u>
RETAINED EARNINGS – end of year	\$ <u>287,039</u>	\$ <u>274,944</u>

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

**DUFF'S FRANCHISE GROUP, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 20,095	\$ 22,506
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of organization costs	3,633	3,634
Decrease (Increase) in:		
Accounts receivable	8,644	4,932
Prepaid income taxes	1,420	
Increase (Decrease) in:		
Accounts payable	6,843	1,210
Accrued payroll	-0-	63
Accrued income taxes	435	(6,800)
Net Cash and Cash Equivalents Provided by Operations	<u>41,070</u>	<u>25,545</u>
<b>Cash Flows From Investing Activities:</b>		
Loan to (from) affiliates	<u>8,000</u>	<u>(726)</u>
Net Cash and Cash Equivalents Provided by (Used in) Investing	<u>8,000</u>	<u>(726)</u>
<b>Cash Flows From Financing Activities:</b>		
Dividends paid	<u>(8,000)</u>	<u>-0-</u>
Net Cash and Cash Equivalents (Used in) Provided by Operations	<u>(8,000)</u>	<u>-0-</u>
Net Increase in Cash and Cash Equivalents	41,070	24,819
Cash and Cash Equivalents – beginning of year	<u>106,627</u>	<u>81,808</u>
Cash and Cash Equivalents – end of year	<u>\$ 147,697</u>	<u>\$ 106,627</u>

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

**DUFF'S FRANCHISE GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

**A. Summary of Significant Accounting Policies:**

1. Business Description:

The Company, incorporated November 30, 2010, is primarily involved in the marketing of restaurant franchises, which includes various markets located throughout the United States. It also sells hot sauce and chicken wing sauce. The Company grants franchises to independent operators who in turn pay an upfront franchise fee and royalties. Royalties are a percent of monthly sales and are recognized as income on the accrual basis.

2. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. Method of Accounting:

The Company utilizes the accrual method of accounting for financial statement purposes. Under this method, income is recognized when earned and expenses when incurred regardless of the timing of the cash receipts or cash disbursements.

4. Concentrations of Credit Risk:

Financial instruments that potentially subject Duff's Franchise Group, Inc. to concentrations of credit risk consist principally of cash and trade receivables. Duff's Franchise Group, Inc. places its cash with credit worthy financial institutions.

The Company maintains deposits in a financial institution that at times exceeds the insured amount of \$-0- provided by US Federal Deposit Insurance Corporation (FDIC). Cash exceeding Federal limits totaled \$-0- and \$-0- at December 31, 2023 and 2022, respectively.

**DUFF'S FRANCHISE GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

**(Continued)**

**A. Summary of Significant Accounting Policies (continued):**

5. Cash Equivalents:

For the purposes of the statements of cash flows, the management considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

6. Income Taxes:

The Company utilizes the accrual method of accounting for both financial statement and income tax purposes.

Components of income tax expense for the years ended December 31<sup>st</sup>, are as follows:

	<u>2023</u>	<u>2022</u>
Current:		
Federal	\$ 6,600	\$ 6,180
New York State	2,165	2,030
	<u>\$ 8,765</u>	<u>\$ 8,210</u>

During the years ended December 31, 2023 and 2022, the Company has not incurred any interest or penalties on its income tax returns. The Company's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

7. Revenue Recognition:

The Company's primary source of revenue is from the sale of franchises and royalties.

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC).

**DUFF'S FRANCHISE GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

**(Continued)**

**A. Summary of Significant Accounting Policies (continued):**

**7. Revenue Recognition (continued):**

Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

This standard also includes expanded disclosure requirements that result in providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. There was no material impact with the adoption of the standard on the Company's financial statements.

In accordance with FASB Accounting Standards Codification (ASC) 952 - Franchisors, all revenue earned from the sale of franchises is recorded when all material services or conditions relating to the sales have been substantially performed or satisfied by the franchisor. The revenue is considered earned when the service is substantially performed and therefore, no deferred revenue is calculated.

Concurrent with ASC 606, the FASB also issued guidance (ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers) which provides specific accounting for incremental costs of obtaining a contract. The standard requires such costs to be recognized as an asset and amortized on a systematic basis consistent with the pattern in which revenue is recognized.



**DUFF'S FRANCHISE GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

**(Continued)**

**A. Summary of Significant Accounting Policies (continued):**

8. Intangible Assets:

Intangible assets subject to amortization include organizational costs and are being amortized on a straight-line basis per IRS Code Section 248.

Intangible assets at December 31, 2023 and 2022 consist of the following:

	2023	2022
Organizational costs	\$ 54,492	\$ 54,492
Less: Accumulated Amortization	46,936	43,303
	<u>\$ 7,556</u>	<u>\$ 11,189</u>

9. Advertising:

The Company expenses all advertising costs when incurred.

10. Subsequent Event:

These financial statements considered subsequent events through February 26, 2024, the date the financial statements were available to be issued.

**B. Related Party Transactions:**

Some shareholders of the Company have ownership in the franchises. Royalties are calculated using a percentage of sales based on monthly sales reports for the individual franchises and paid on a monthly basis. The Company and its owners loaned an affiliate \$162,751 and \$170,751, with no set terms, for the years ended December 31, 2023 and 2022, respectively. Repayment terms will be determined in the upcoming year.

**C. Supplemental Cash Flow Information:**

Accrued interest due to investors was in the amount of \$12,700 and \$12,700 for the years ended December 31, 2023 and 2022, respectively. There was no interest paid as of December 31, 2023 and 2022.



**DUFF'S FRANCHISE GROUP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

***(Continued)***

**D. Long-Term Debt:**

As of December 31, 2023, and 2022, the shareholders have no outstanding loans. Interest is charged at 5%. Accrued interest was due to the investors in the amount of \$12,700 and \$12,700 for the years ended December 31, 2023 and 2022, respectively. There are no set terms for repayment.

**E. Freight Costs:**

The Company includes freight cost in cost of goods sold. The total freight costs included in cost of goods sold, excluding internal costs, for the years ended December 31, 2023 and 2022 was \$-0- and \$-0-, respectively.

**F. Gift Cards:**

The Company sells gift cards with no expiration dates to customers and does not charge dormancy fees on unused gift cards. Gift cards issued by the Company are recorded as a liability until they are redeemed, at which point revenue is recognized. The Company recognizes an expense when the probability of customers exercising their rights under the gift cards becomes remote. The Company does not have a legal obligation according to state law to escheat the remaining balances under unclaimed property laws.

**SUPPLEMENTAL INFORMATION**

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**DUFF'S FRANCHISE GROUP, INC.**

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION**

We have audited the financial statements of Duff's Franchise Group, Inc. as of and for the years ended December 31, 2023 and 2022 and our report thereon dated February 26, 2024 which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Accounting Group of Western New York CPA PC  
Accounting Group of Western New York, CPA, PC  
Elma, New York  
February 26, 2024

**DUFF'S FRANCHISE GROUP, INC.**

**COST OF SALES AND GENERAL AND ADMINISTRATIVE EXPENSES**

**YEARS ENDED DECEMBER 31, 2023 and 2022**

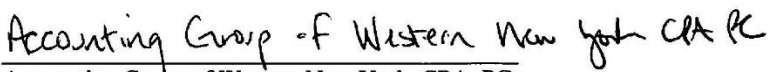
	<u>2023</u>	<u>2022</u>
<b>COST OF SALES:</b>		
Purchases	\$ 100,242	\$ 74,074
	<u>\$ 100,242</u>	<u>\$ 74,074</u>
	<u>2023</u>	<u>2022</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES:</b>		
Officer payroll	\$ 26,000	\$ 26,000
Payroll taxes	2,638	2,436
Bad debt expense	16,187	-0-
Bank service charges	2,156	408
Consulting fees	57,000	3,000
Professional fees	23,749	19,400
Trademark royalties	126,955	118,379
Travel & meal costs	13,343	5,494
Advertising	1,621	220
Insurance expense	4,009	2,467
Gift card expenses	644	1,105
Office expense	3,783	3,995
Contributions	8,153	1,000
Licenses and permits	853	850
Fees	0	1,218
Amortization	3,633	3,634
Computer and internet expenses	3,834	3,403
	<u>\$ 294,558</u>	<u>\$ 193,009</u>

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

## CONSENT

Accounting Group of Western New York, CPA, PC hereby consents to the use in the Franchise Disclosure Document issued by Duff's Franchise Group, Inc. ("Franchisor") on \_\_\_\_\_, as it may be amended, of our report dated February 26, 2024 relating to the financial statements of Franchisor for the year ended December 31, 2023.

  
\_\_\_\_\_  
Terri Koller Linsner, CPA

  
\_\_\_\_\_  
Accounting Group of Western New York, CPA, PC

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**EXHIBIT E TO THE DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES**  
**(as of December 31, 2024)**

**FRANCHISEES**

<b>New York</b>	
<b>SJMC Enterprises, Inc.</b> Charbel Natanios 3842 Harlem Rd. Suite 400-247 Buffalo, NY 14215 Phone: 716 236-0333	
<b>Texas</b>	
<b>Famous Wings of Texas, LLC</b> Ron Peddicord 2787 E Southlake Blvd B100 Southlake TX 76092 817 421-8106 <b>Opened March 2013</b>	

**FRANCHISEES WITH UNOPENED OUTLETS**  
**(as of December 31, 2024)**

<b>Florida</b>	
<b>Pomegranate Tampa, LLC<sup>(1)</sup></b> Daniel Conway and Adrien Angelvy 5119 N. Nebraska Ave. Tampa, FL 33603 Email: tampa@duffswings.com	
<b>Kentucky</b>	
Jason and Amber Grimm (JA Beek, INC) 371 Pleasant Colony Drive Elizabethtown, KY 42701 Email: etown@duffswings.com	

<sup>(1)</sup>This franchisee signed an agreement to open five outlets in Florida and New York.

**FRANCHISEES WHO HAVE LEFT THE SYSTEM**  
**(as of December 31, 2024)**

**NONE**



## **EXHIBIT F**

### **STATE ADDENDA**

The following modifications are made to the Duff's Franchise Group, Inc. ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 20\_\_ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means the State of New York. When the term "**Supplemental Agreements**" is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

### **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.**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD 14 days prior to execution of agreement.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in the State of New York. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

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

Neither Franchisor nor any other person listed in Item 2 of the FDD 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 such association or exchange.

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

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

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

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements are per se violations of the Cartwright Act.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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.

## **HAWAII**

The following is added to the Cover Page:

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





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

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

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

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

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.

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:  
  
None
3. States which have revoked or suspended the right to offer the Franchises are:  
  
None
4. States in which the proposed registration of these Franchises has been withdrawn are:  
  
None

## **ILLINOIS**

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be



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subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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.

See the last page of this Exhibit F for your required signature.

## **INDIANA**

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person,



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other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in New York. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise New York State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or New York State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from



liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

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

## **IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Duff's Franchise Group, Inc., 3651 Sheridan Drive, Amherst, NY 14226 not later than midnight of the third business day after the Effective Date.



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I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

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

## **MARYLAND**

### **AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS**

Item 17 of the FDD and the Franchise Agreement are amended to state: “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.”

Representations in the Franchise Agreement 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.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that 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.

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

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.

### **Fee Deferral**

Item 5 of the Franchise Disclosure Document and Section 4.1 of the Franchise Agreement are amended to state: Based on 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.



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## **MICHIGAN**

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.
  - (ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.
  - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.



(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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.

**MINNESOTA**

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota





Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

8. Item 6 of the FDD and Section 4.7 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Fee to \$30 per occurrence pursuant to Minnesota Statute 604.113.
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.



## **NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

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



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

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

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

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

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

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

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.



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Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Article 10 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

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

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials\_\_\_\_\_ Date\_\_\_\_\_

### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other

written notice to Duff's Franchise Group, Inc, 3651 Sheridan Drive, Amherst, NY, 14226 not later than midnight of the fifth business day after the Effective Date.



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Duff's Famous Wings 2025 FDD v2F

I hereby cancel this transaction.

Franchisee:

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

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

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

Its: \_\_\_\_\_

### **RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

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.

### **SOUTH DAKOTA**

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.

### **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

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



In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Duff's Franchise Group, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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.

## **WASHINGTON**

### **ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the



party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

### **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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.

*(Signatures on following page)*





### **APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

<input type="checkbox"/>	California	<input type="checkbox"/>	Michigan	<input type="checkbox"/>	Rhode Island
<input type="checkbox"/>	Hawaii	<input type="checkbox"/>	Minnesota	<input type="checkbox"/>	South Dakota
<input type="checkbox"/>	Illinois	<input type="checkbox"/>	New York	<input type="checkbox"/>	Virginia
<input type="checkbox"/>	Iowa	<input type="checkbox"/>	North Dakota	<input type="checkbox"/>	Washington
<input type="checkbox"/>	Indiana	<input type="checkbox"/>	Ohio	<input type="checkbox"/>	Wisconsin
<input type="checkbox"/>	Maryland				

Dated: \_\_\_\_\_, 20\_\_\_\_

#### **FRANCHISOR:**

DUFF’S FRANCHISE GROUP, INC.

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

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

#### **FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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Duff's Famous Wings 2025 FDD v2F

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**FRANCHISE DISCLOSURE QUESTIONNAIRE**



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Duff's Famous Wings 2025 FDD v2F

## **FRANCHISE DISCLOSURE QUESTIONNAIRE**

**(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

As you know, Duff's Franchise Group, Inc. ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a Duff's Famous Wings franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

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

1.      Yes\_\_\_ No\_\_\_      Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
2.      Yes\_\_\_ No\_\_\_      Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3.      Yes\_\_\_ No\_\_\_      Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.      Yes\_\_\_ No\_\_\_      Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5.      Yes\_\_\_ No\_\_\_      Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6.      Yes\_\_\_ No\_\_\_      Have you had the opportunity to discuss the benefits and risks of developing and operating a Duff's Famous Wings Franchise with an existing Duff's Famous Wings franchisee?
7.      Yes\_\_\_ No\_\_\_      Do you understand the risks of developing and operating a Duff's Famous Wings Franchise?
8.      Yes\_\_\_ No\_\_\_      Do you understand the success or failure of your Duff's Famous Wings Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9.      Yes\_\_\_ No\_\_\_      Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in New York, if not resolved informally or by mediation (subject to state law)?



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10. Yes\_\_\_ No\_\_\_ Do you understand that you must satisfactorily complete the initial training program before we will allow your Duff's Famous Wings Franchise to open or consent to a transfer of the Duff's Famous Wings Franchise to you?
11. Yes\_\_\_ No\_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Duff's Famous Wings Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes\_\_\_ No\_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes\_\_\_ No\_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Duff's Famous Wings Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes\_\_\_ No\_\_\_ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Duff's Famous Wings Franchise?
15. Yes\_\_\_ No\_\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

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

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Signature of Franchise Applicant

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Signature of Franchise Applicant

---

Name (please print)

---

Name (please print)

---

Date

---

Date



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Duff's Famous Wings 2025 FDD v2F

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

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## EXHIBIT H TO THE DISCLOSURE DOCUMENT

### SAMPLE GENERAL RELEASE AGREEMENT

#### WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Duffs Franchise Group, Inc., a New York corporation ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Duff's Famous Wings restaurant;

**WHEREAS**, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

**WHEREAS**, as a condition to Franchisor's consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim. Releasor represents and warrants to the Released Parties, and agrees, that it may later learn of new or different facts, but that still, it is Releasor's intention to fully, finally, and forever release all of the claims that are released above. This includes the Releasor's waiver of state laws that



might apply to limit a release (such as Calif. Civil Code Section 1542, which states that “[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor”).

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor’s express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Texas.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys’ fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.





**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

Sign: \_\_\_\_\_

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

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

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

Rev. 060524



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Duff's Famous Wings 2025 FDD v2F

## **EXHIBIT I TO THE DISCLOSURE DOCUMENT**

### **STATE EFFECTIVE DATES**

The following states require that this 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 Disclosure Document is either not registered or registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
Maryland	Pending
New York	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.

## EXHIBIT J TO THE DISCLOSURE DOCUMENT

### RECEIPT

(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Duff's Franchise Group, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Duff's Franchise Group, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Duff's Franchise Group, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Duff's Franchise Group, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Jeff Feather, 3651 Sheridan Drive, Amherst, New York, 14226, (716) 831-5513

Issuance Date: April 3, 2025

I received a disclosure document issued April 3, 2025 which included the following exhibits:

Exhibit A: List of State Franchise Administrators and Agents for Service of Process  
Exhibit B: Franchise Agreement  
Exhibit C: Financial Statements.  
Exhibit D: Operations Manual Table of Contents  
Exhibit E: List of Current and Former Franchisees  
Exhibit F: State Addenda and Agreement Riders  
Exhibit G: Franchise Disclosure Questionnaire  
Exhibit H: Sample Waiver and General Release  
Exhibit I: State Effective Dates  
Exhibit J: Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____	Rev. 012417
Date	Signature	Printed Name	

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



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Duff's Famous Wings 2025 FDD v2F

**RECEIPT**  
**(Our Copy)**

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_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Rev. 012417

**Please sign this copy of the receipt, date your signature, and return it to Duff's Franchise Group, Inc, 3651 Sheridan Drive, Amherst, NY, 14226.**



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Duff's Famous Wings 2025 FDD v2F