



**FRANCHISE DISCLOSURE DOCUMENT**

**QUALITY STAFFING GROUP, INC  
D/B/A QM STAFFING GROUP**

**ISSUANCE DATE: May 20, 2024**

## FRANCHISE DISCLOSURE DOCUMENT

### QUALITY STAFFING GROUP, INC

A Louisiana limited liability company

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A-1

Lafayette, LA, 70506

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Quality Staffing Group, Inc. offers franchisees the opportunity to own and operate a business that provides medical professional temporary and permanent staffing solutions to healthcare facilities using the QM Staffing Group name and associated trademarks (a “Franchised Business”).

The total investment necessary to begin operation of a Franchised Business is from \$88,950 to \$108,900. This includes \$75,000 that must be paid to us or an affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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, please contact by email at [opportunity@qmstaffinggroup.com](mailto:opportunity@qmstaffinggroup.com).

The terms of your contract will govern your franchise relationship. Do not rely on this 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 be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date: May 20, 2024**

## How to Use This Franchise Disclosure Document

Here are some questions that 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 C.
<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 A 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 QM Staffing Group business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a QM Staffing Group franchisee?</b>	Item 20 or Exhibit C 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 B.

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:

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

**Personal Guaranty.** Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. This Guaranty will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

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

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (Exhibit J) to see whether your state requires other risks to be highlighted.

## NOTICE REQUIRED BY THE 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 of the right of a franchisee to join an association of franchisees.
- b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions 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 values at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of 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 I.

i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan Office of the Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Antitrust and Franchise Unit 525 West Ottawa  
670 Law Building  
Lansing, Michigan 48913  
Telephone Number: (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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**ITEM 1.**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “QM Staffing Group,” “us,” or “we” means Quality Staffing Group, Inc, the franchisor. “You” or “franchisee” means the person that is granted the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, “you” may also refer to its owners. If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit E to this Disclosure Document) will apply to you and to each individual who signs the Guaranty.

**The Franchisor**

Quality Staffing Group, Inc is a Louisiana corporation organized on February 8, 2023. Our principal place of business is 1304 Bertrand Dr., A-1, Lafayette, Louisiana 70506. We do business under our corporate name and under the trade name “QM Staffing Group.” We have not previously sold franchises but will begin doing so upon the issuance of this Disclosure Document. We do not conduct any other business.

Our agents for service of process are disclosed in Exhibit B.

**Parents, Predecessors, and Affiliates**

We have no parents or predecessors.

Our affiliate, Quality Staffing Network, LLC (“QSN”) is a Louisiana limited liability company organized on March 18, 2019. QSN’s principal place of business is 1304 Bertrand Dr., A-1, Lafayette, Louisiana 70506. QSN does business under its corporate name and under the trade name “QM Staffing Group.” QSN neither conducts any other business nor has sold franchises in any other line of business. QSN owns the Marks we license to franchisees in this Disclosure Document. QSN also serves as our model for training and development.

LGT Training and Consulting, LLC (“LGT”) is a Louisiana limited liability company organized on December 15, 2021. LGT’s principal place of business is 1304 Bertrand Dr., A-1, Lafayette, Louisiana 70506. LGT is controlled by our founder, Nicole Caillier, and provides training services in the field of medical staffing. LGT does not conduct any other line of business, nor does it sell franchises. LGT serves as another model for the training offered under our franchise.

Other than as disclosed above, our affiliate will not provide any products or services to franchisees.

**The Franchise Offered**

We offer the right to establish and operate a business operating under the “QM Staffing Group” name and other Marks which provides medical professional with temporary and permanent staffing solutions to long term healthcare facilities and providers such as hospitals, physical rehabilitation hospitals, assisted living facilities, long term acute care hospitals, nursing homes, skilled nursing facilities (the “Services”). Your Franchised Business may not offer or provide medical administrative staffing, home care personnel services, private duty personal care in the home, hospital or any other residence or residential facility where payment is not made by the facility, or personnel services for heavy or light industry in addition to home health staffing, infusion staffing, pharmacy staffing and surgical staffing. Your Franchised Business will solicit clients within your territory and will solicit personnel to be placed within your territory.

If you qualify, we may offer you the right to establish and operate multiple Franchised Businesses under a multi-territory addendum. You will also agree upon the timeframe within which you must develop the additional Franchised Businesses after the first. The Franchised Businesses you purchase under the multi-territory addendum will be developed and will operate in multiple separate territories which are determined and agreed upon before you sign the Franchise Agreement (defined below). In certain instances we may allow you to establish a “virtual” office, instead of a “brick and mortar” office, which will be used to operate the Franchised Business. If you have an existing “brick and mortar” office we may at our discretion allow you to convert branding, signage, software, and tools to the QM Staffing Group brand. The use of a virtual office is based on the size of the territory and your ability to provide medical professional temporary and permanent staffing solutions to healthcare facilities and providers on a local basis. When you purchase a multiple unit discount package and sign the Franchise Agreement, you and we will agree on which territories require a brick-and-mortar office and which may be operated as a virtual office. A development schedule for opening the brick-and-mortar offices will also be agreed upon prior to your signing the Franchise Agreement.

You do not need to have experience in the healthcare industry before purchasing a franchise, but previous experience in the temporary or permanent staffing industry is helpful. If you have no experience in the healthcare industry, you will be required to operate the Franchised Business for a minimum of 1 year. You are encouraged, but are not required, to hire a scheduler, which will be at your sole cost and discretion. The types of staffing solutions you will provide include registered nurses, licensed practical nurses (in some states “LVNs”), Nurse Practitioners, Certified Nursing Assistants, Certified Medical Assistants, and similar healthcare professionals. You may not place physicians on assignment or on a permanent basis unless we provide written authorization to do so.

You must operate your Franchised Business according to our business formats, methods, procedures, designs, layouts, standards, and specifications (the “System”). The System includes distinctive signage and design; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; financial control procedures; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and in our operations manual (the “Manual” or “Manuals”), which you should expect to evolve over time and which is provided to you as a franchisee. Your Franchised Business must offer the Services we specify.

## **The Market and Competition**

The primary market for the services includes long term healthcare facilities and providers such as hospitals, physical rehab hospitals, assisted living facilities, long term acute care hospitals, nursing homes, and skilled nursing facilities.

The medical staffing industry is experiencing significant growth, with many local and regional providers and vendor managers across the country supplying healthcare professionals and other staffing solutions to hospitals and other healthcare providers. In this industry, your business will be competing with other companies that provide healthcare permanent placement recruiting services and healthcare professional placements. These competitors range from national to regional and local companies, all of which offer services similar to those provided by your Franchised Business. You'll also face competition from recruiting and staffing franchises, as well as independent businesses and individual providers who offer similar services and products. However, specializing in healthcare staffing can give franchisees a competitive advantage, as the temporary staffing industry is largely dominated by large national companies that lack expertise in healthcare staffing.

### **Industry Specific Regulations**

There are or may be state and local laws, ordinances, regulations and standards applicable to your territory which will affect the establishment and operation of your Franchised Business. These laws, ordinances and standards include state and federal health care industry standards, local health care regulations, federal and state equal opportunity employment laws, and licensing standards. You should determine any and all laws and regulations applicable to your Franchised Business, your duties to comply with these laws and regulations, and the costs related to them. Some states may require additional licensing and permitting because the Franchised Business is a healthcare staffing agency.

You must obtain, maintain, and own any health care or employment/staffing services permits, licenses or other authority required for your Franchised Business. You must comply with any federal, state and local laws pertaining to labor and employment, including those laws pertaining to wages and work hours, in the vetting and hiring of the candidates you will provide to the healthcare facilities in your territory. Your failure to comply with any of these laws will be considered a material default of your Franchise Agreement.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Dr. Nicole Caillier - CEO and Founder**

Nicole Caillier has served as our Founder since our formation in February 2023. Dr. Caillier has also served as the Chief Executive Officer of our affiliate QSN since 2019. From December 2018 until February 2023, Dr. Nicole Caillier was Chief Executive Officer of Quality Staffing Network near New Orleans. From August 2005 to January 2020 Dr. Nicole Caillier was Founder & CEO of Quality Medical Staffing Agency, LLC in Lafayette, La.

### **Crystal Lizama – Chief Operating Officer**

Crystal Lizama has served as our COO since our formation in February 2023. From July 2021 until March 2023 Ms. Lizama served as the CEO of TaskMaster LLC, which provides Franchise Strategy and Operations Consulting Services. From June 2020 to July 2021 Crystal served as Vice President of Business Development for Massage Heights Franchising LLC. From August 2019 to April 2020 Crystal Served as Chief Operating Officer of Body20 Global Franchise LLC. From October 2013 to July 2019 Crystal Served as Vice President of Operations of Fit Body Boot Camp Franchise.

**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**

**Initial Franchise Fee**

We require a non-refundable initial franchise fee (the “Franchise Fee”) of \$75,000 for the operation of a single Franchised Business. To qualify for the multiple unit discount package, you need to purchase a minimum of two units. When purchasing three units under this package, the initial franchise fees are \$65,000 each for the second and third units.

The Franchise Fee will be deemed fully earned on execution and is not refundable under any circumstances. Except as described above, the Franchise Fee is uniform for all franchisees. At our discretion we may allow you to pay the Franchise Fee in equal payments over a period of six (6) months interest free. If you miss any of the required payments over this six-month period, we reserve the right to terminate the Franchise Agreement and any amount paid to us will be deemed forfeited. Unless otherwise designated by us, the Franchise Fee must be paid in a lump sum on execution of the Franchise Agreement.

Discounts

If you are an honorably discharged veteran of the United States Armed Forces or a registered nurse, LVN, nurse practitioners, certified nursing assistant, certified medical assistant, and other healthcare professional we offer a one-time discount of \$5,000 on the initial franchise fee. The discount is only available on the initial franchise fee for the first franchise and upon proof of current licensure, certifications, or DD214 (specifically for honorably discharged veterans).

Franchisees that refer or recommend others to start a QM Staffing Group Franchise may qualify for a \$5,000 finder’s fee.

If you have participated and previously paid for the Launch, Grow, and Thrive semiprivate mentorship and consulting programs (“LGT Program”) offered by our Affiliate LGT Training and Consulting, LLC, we may, at our discretion, offer the LGT Alumni Discount depending on verification and proof receipt of involvement with such program. This discount program is only applicable to successful alumni participants of the LGT Programs costing between \$30,000 and \$55,000. If you qualify, we will reduce the amount of your Franchise Fee for a single unit by an amount equal to the amount paid for applicable LGT Program. By way of example, if you paid \$55,000 for an approved LGT Program, that amount may be credited to your Franchise Fee.

**ITEM 6.  
OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee <sup>2,3</sup>	13% of Gross Revenue; Subject to the Quarterly Minimum Royalty Requirement	Weekly, due every Tuesday (or the next business day if any Tuesday falls on a federally recognized holiday.)	We collect a portion of your Royalty Fee weekly based on your reported Gross Revenue. Due to industry- mandated return policies, we perform quarterly reconciling of your reports to determine if any amount of Royalty has been over or underpaid. If we determine you have overpaid your Royalty Fee, you will be credited for future Royalty Fee payments.  See Note 3 for the Quarterly Minimum Royalty Requirement
Local Area Marketing Requirement	1% of Gross Revenue	As incurred, must be spent monthly	Payable to our approved partners for local advertising suppliers or lead generation programs. All advertising you propose to use must first be approved by us. We require you to conduct on-going local marketing activities to acquire new business, and retain existing business
Brand Fund	Up to 3% of Gross Revenue  Currently 1% of Gross Revenue	Weekly, due at the same time as the Royalty Fee	Currently, you are required to participate in and contribute 1% of your Gross Revenue monthly to the Brand Fund (the “Brand Fund Contribution”) in the manner we prescribe. We reserve the right to increase Brand Fund Contribution to up to 3% of Gross Revenue upon 30 days’ notice.
Advertising Cooperative	Your pro rata shares of the total advertising cost incurred by the cooperative	If incurred	Currently there are no advertising cooperatives in the System, you are not currently required to participate in a cooperative, and we do not expect to establish or approve the establishment of regional advertising cooperatives.
Additional Training Fee	\$1,200, plus reimbursement of expenses	On demand	Payable if (a) you request additional training, or (b) we determine that you require additional training
Maintenance, Refurbishment and Renovation Expenses	Will vary under circumstances	When incurred	Payable to third party providers or to Franchisor.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Management Fee	Our then-current per diem fee, plus reimbursement of our representative's expenses  Our current per diem fee is \$1,200 per week	If incurred	In certain circumstances, such as your death or disability, we may step in and manage your Franchised Business. If applicable, we will deduct this fee at the same time and in the same manner as the royalty fee.
Indemnification <sup>5</sup>	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your operation of the Franchised Business.
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under an agreement with us, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Liquidated Damages	The amount equal to the average monthly royalty fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by 24 (being the number of months in two full years).	15 days after termination for cause	
Insurance and Bonds <sup>6</sup>	Reimbursement of our costs	If incurred	If you do not maintain the required insurance and bonding coverages, we have the right (but not the obligation) to obtain insurance and bonds on your behalf. If we obtain insurance or bonds for you, we have the right to deduct our costs from any monies payable to you. If there is a claim, we will be responsible for up to 45% of the deductible (and you will be responsible for the remainder).
Renewal Fee	\$10,000 or 25% of our then-current initial franchise fee, whichever is greater	Due when you sign the renewal agreement	Payable to us, if you wish to renew your franchise agreement.
Transfer fee	\$10,000 or \$7,500 for existing franchisees.	Due at time Transferee signs Franchise Agreement	Payable to us as a condition of approval for transfer.
Relocation Fee	\$5,000	With relocation request	If you ask to relocate your Franchised Business during the term of your Franchise Agreement, you must pay us the amount when you submit your request to change locations.
Audit Fee	Cost of the audit	If incurred	We have the right to conduct an audit of your financial records. If the audit shows a discrepancy of 3% or more, you must reimburse us for the cost of

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
			the audit, including fees and expenses. You must also pay any understated amount plus interest
Interest; Late Fee <sup>7</sup>	18% per annum or the highest rate allowed per law, whichever is less  You also agree to pay us a late fee in the amount of \$100 for each week that a payment is paid after the applicable due date. This late fee is subject to increase upon sixty days' prior written notice but will not be increased more than once in any 12-month period	If incurred	Interest accrues from the original due date until payment is made in full. Payable on amounts that are overdue to us
Franchise Meetings	Up to \$1,500 per person	If incurred	If we hold a meeting or convention of our franchisees
Product and Supplier Evaluation Fee	Our actual cost	If incurred	For our evaluation of a proposed product or supplier
Technology Fee	Currently \$599 but may increase to \$1,000 upon written notice to you.	Monthly	Fees for technology tools, programs, software and maintenance of computer/online systems including franchisee intranet, email suite, Phone number, sales CRM, website design and maintenance, social app, and royalty management. We have the right to increase this fee or change tools, software, or any of the preceding items as needed.
Professional Employer Organization (PEO)	Will vary based on the circumstances	As incurred	We recommend but do not require that you contract with a PEO to assist you with human resources, payroll, benefits and similar employment functions for your office staff.
Accreditation & Certification	Initial Fee: \$2,185 Annual fee: \$2,195	As incurred	We recommend but do not currently require you to achieve accreditation and certification from The Joint Commission. This pricing and fees are set by the Joint Commission and may change from year to year. While this Accreditation is optional, some states or localities may require it. It is your responsibility to confirm whether your state or operating areas require this Accreditation.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Payroll Factoring Services	Will vary based on the circumstances	As incurred	We recommend but do not currently require you to use factoring services for Payroll essentially allows your staffing agency to “sell” its accounts receivable invoices to the factoring company for a fee, in return for upfront cash to pay your employees and other related parties.
Back Office Solution Services	Will vary based on the circumstances	As incurred	We recommend but do not currently require you to use a Back Office Solutions Service for your staffing firm for hiring contractors, employee onboarding, payroll processing, invoicing, and/or collections.
Scheduling Software	Price will vary based in the circumstances	As incurred	We require you to use scheduling software for your staffing firm for managing timesheets of all healthcare staff. Payable to approved supplier.
Virtual Office Set Up	Price will vary depending on options selected	Monthly or Annually	We require you to use a virtual office unless you already have an approved physical location. Your virtual office is payable to approved suppliers.
Background Check Service	Price will vary depending on options selected	Monthly or Annually	We require you to use our recommended suppliers for all staff background checks

**Notes:**

General. Except where otherwise noted, all fees are payable to us, are non-refundable and are subject to annual adjustments. These fees are uniformly imposed, except as described above. As of the date of this Disclosure Document, we strongly prefer payment by Automated Clearing House (ACH), or electronic funds transfer and you must designate an account at a commercial bank of your choice and furnish the bank with authorizations at the time of signing your franchise agreement to permit us to make withdrawals from that account. We also accept payment by credit card, however you acknowledge that you are responsible for any associated fees imposed by your credit card holder.



1. Gross Revenue. “Gross Revenue” means all revenue from the sale of products and services and all other income of every kind related to the Franchised Business, whether for cash, credit, trade, barter, or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. Further, Gross Revenue includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by us) that are provided using any portion of the Franchised Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Franchised Business, or the telephone number of the Franchised Business. Gross Revenue also includes any proceeds of business interruption insurance. Your Gross Revenue will not be reduced on account of any fees or commissions you pay to third parties who refer customers. from the franchisee account.

Gross Revenue does not include any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from Gross Revenue as circumstances, business practices, and technology change.

2. Minimum Royalty. On a quarterly basis, you must pay to us a minimum royalty fee of \$1,500. Within 60 days after the end of each three-month period, we will advise you whether you have paid the minimum quarterly royalty fee for the previous three-month period. We will automatically ACH debit funds from the franchisee account.

3. Indemnification. You must indemnify us and our respective owners, employees, and officers for any claims relating to the operation of your Franchised Business, and for all costs incurred relating to any default by you under the Franchise Agreement.

4. Procurement of Insurance. You must maintain insurance of the types and amounts we specify in your franchise agreement, the Manual, or in supplementary notices. You may obtain additional insurance as you desire. Insurance policies may not be subject to amendment or cancellation without at least 30 days prior written notice to us and must list us as additional named insured. You must provide certificates of insurance evidencing coverage on an ongoing basis.

5. Interest. Interest begins from the due date.

6. Attorneys’ Fees. If litigation occurs in which we are adverse to you, regardless of how the litigation arises or resolves, you must pay our costs of litigation, including reasonable attorneys’ fees and any cost of enforcing this obligation.

**ITEM 7.  
ESTIMATED INITIAL INVESTMENT**

**A. Your Estimated Initial Investment – Single Unit under Franchise Agreement**

Type of Expenditure <sup>1</sup>	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee <sup>2</sup>	\$75,000	\$75,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel Expenses for Initial Training <sup>3</sup>	\$0	\$0	As incurred	Prior to attending initial training	Airlines, hotels, and restaurants
Leasehold Improvements <sup>4</sup>	\$0	\$5,000	As incurred	Prior to opening your Franchised Business	Third-party contractors and architects
Furniture, Fixtures and Equipment <sup>5</sup>	\$1,000	\$2,000	As incurred	Prior to opening your Franchised Business	Suppliers
Signage <sup>6</sup>	\$200	\$1,000	As incurred	Prior to opening your Franchised Business	Suppliers
Business Management and Technology System and Licenses <sup>7</sup>	\$2,000	\$5,000	As incurred	Prior to opening your Franchised Business	Suppliers
Inventory and Supplies <sup>8</sup>	\$1,550	\$2,100	As incurred	Prior to opening your Franchised Business	Us or our affiliate
Initial Marketing <sup>9</sup>	\$2,000	\$3,000	Lump Sum	Prior to opening your Franchised Business	Suppliers
Insurance - 3 months <sup>10</sup>	\$500	\$1,000	As incurred	Prior to opening your Franchised Business	Insurance provider
Online Employee Search <sup>11</sup>	\$1,000	\$2,000	As incurred	As required by the supplier	Suppliers
Professional Fees <sup>12</sup>	\$1,500	\$2,500	As incurred	Prior to opening your Franchised Business	Accountants, lawyers, and advisers
Website Design <sup>13</sup>	\$200	\$300	As incurred	Prior to opening your Franchised Business and annually	Suppliers
Additional Funds - 3 months <sup>14</sup>	\$4,000	\$10,000	As incurred	Before opening and as incurred	Employees, tax agencies, local vendors, and suppliers
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>15</sup></b>	<b>\$88,950</b>	<b>\$108,900</b>			

## Notes:

1. General. The amounts provided in this Item 7 include costs you will incur to start your Franchised Business. These estimates are based upon industry data, and the experience of our management team in operating similar businesses. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The estimates provided in this Item 7 assume that you will rent the premises in which your Franchised Business will be located from a third-party landlord. It does not include costs associated with the acquisition of real estate if you decide to operate from a building you purchase. Franchisees are not required to establish a brick-and-mortar location. However, should the franchisee choose to do so, the costs for rent, fixtures, and improvements will vary and may be significantly higher than projected in this table, based on the square footage, location, economic climate, market conditions, prevailing interest rates, other financing costs, the conditions of the property, and other physical characteristics of your Franchised Business.

2. Initial Franchise Fee. The initial Franchise Fee is \$75,000. We will not refund the Franchise Fee, or any other fees paid to us or our affiliates under any circumstances. Neither we nor our affiliates offer any other financing. We describe the Franchise Fee in Item 5.

3. Travel Expenses for Initial Training. There is no tuition or fee for initial training for up to two (2) of your representatives. You are, however, responsible for making arrangements and paying the expenses for any persons attending the training program including, without limitation, transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose.

4. Leasehold Improvements. Franchisees are not required to establish a brick-and-mortar location. However, should the franchisee choose to do so, the numbers provided cover the interior build out of a location and are based on our collective experience in the medical staffing business and our experience evaluating the real estate required for a Franchised Business. These estimates are based on the build out of one location. If you purchase multiple franchises at one time, you will incur additional expenses for each location purchased. Your location will typically be leased, although some franchisees may own their locations. These costs are the same regardless of whether you buy a building or lease space. The costs will vary widely and may be significantly higher than projected in this table depending on such factors 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 Franchised Business.

Your actual costs will depend on, among other factors, your Franchised Business location, the size of your Franchised Business, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor.

5. Furniture, Fixtures and Equipment. This estimate includes your costs for furniture and fixtures used in your Franchised Business. The type and number of pieces of furniture and fixtures you acquire will be based on the size of the Premises you select. We will provide you with a list of specifications for the furniture and fixtures you must purchase but it will include chairs, desks, lights, cabinets, and standard office furniture. We will provide specifications for the equipment in the Manual.

6. Signage. This estimate includes the cost of outdoor identification, displays and signage for the Franchised Business.

7. Business Management and Technology System and Licenses. You will be required to purchase and license computer equipment and software for the operation of your Franchised Business. See Item 11 for more information on the Business Management and Technology System requirements.
8. Inventory and Supplies. This estimates the cost of supplies required to begin operating your Franchised Business. We have the right to change the inventory and supplies at any time.
9. Initial Marketing. You must spend the estimated amount in pre-opening marketing efforts. You must get our approval for the marketing plan and materials.
10. Insurance. You must purchase and maintain insurance in the types and amounts described in the Franchise Agreement or Manual. This estimate covers three months' premiums for workers' compensation and commercial liability insurance. Your cost of insurance may vary depending on the insurer, the location of your Franchised Business, your claims history, and other factors. You must provide certificates of insurance evidencing coverage to us on an ongoing basis.
11. Online Employee Search. We do not currently have an Applicant Tracking System but may acquire one in the future. The estimate provided serves as an average range based on our competitors.
12. Professional Fees. This estimates the costs of professional advisors (like an attorney and an accountant) for the initial review and advice consistent with the start-up of a Franchised Business.
13. Website Design. We have partnered with an outside vendor, an experienced group of internet marketers, to develop and manage our digital marketing efforts. The outside vendor is responsible for all website development, social media plans (via LinkedIn, Facebook and Twitter), website performance analytics, and website hosting and maintenance. Franchisees may not create their own website, social media, and other digital media without our written approval.
14. Additional Funds – 3 Months. This category estimates your pre-operational expenses that are not listed in other categories, as well as additional funds necessary for the first three (3) months of your operations including expenses for this such as employee salaries and wages, utilities, payroll taxes (including payroll to cover the grand opening promotional period and the pre-opening training period for your staff), Royalty Fees, Technology Fees, legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on factors such as: how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our concept; the prevailing wage rate; competition; and the sales level reached during this initial period.
15. Total. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Franchised Business. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stages of your Franchised Business, the actual duration of which will vary materially from franchisee to franchisee and cannot be predicted by us for your Franchised Business. You must have additional sums available, whether in cash or through a bank line of credit, or you must have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which in turn will depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other similar services or other public awareness of our business and trademarks within the general vicinity of your proposed Franchised Business, your ability to operate efficiently and in conformance with our recommended methods of doing business and competition. Because the actual amount of reserves will vary from operation to operation and cannot be meaningfully estimated

by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

The ranges and categories listed in the table above are based on our own experience in operating a training business similar to the Franchised Business we offer in this Disclosure Document. Your expenses may be significantly different depending on the suppliers you use and local costs. Do not rely on this estimate of expenses to predict your future performance because your expenses may differ from the ranges above and you will have additional expenses to third-party suppliers and to us which we have not listed. See Item 8 for additional information concerning your purchases from third-party suppliers.

You will incur labor costs in employing your employees, but those costs are dependent on numerous factors that we cannot predict or estimate, such as the labor rates, labor tax rates, and workers' compensation rates within your Territory, as well as the availability of workers, number of employees you decide to use, and the skill and experience levels of your employees, number of hours worked per employee, volume of business, etc. You should investigate the costs of labor in your Territory before making any decision to operate a Franchised Business, as this will be a significant portion of your ongoing expenses. We will work with you to develop the best strategy and timing for adding production capacity.

#### Refundability/Financing.

None of the estimated expenditures listed in the table are refundable, except (i) utility deposits are usually refundable, and (ii) lease security deposits may be refundable. We do not offer, directly or indirectly, financing for any of the above expenditures, see Item 5. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness, other security that you may have, and policies of lending institutions concerning the type of business being operated by you.

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

#### **Authorized Products and Services**

We have the right to require that furniture, fixtures, signs and equipment (the "Operating Assets") and products, supplies, and services that you purchase for resale or purchase or lease for use in your Franchised Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates)(collectively with (iii), "Approved Suppliers").

You must offer to customers only the products and services we approve in writing. In addition, you must offer the specific products and services that we require in the Manual or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manual (or to meet reasonably anticipated customer demand if we have not prescribed specific standards).

We may require you to purchase merchant processing services from us, our affiliates, or an approved vendor we select. You must (i) require your customers to pay all services and other fees through the Business Management and Technology System; or (ii) enter all other payments received from customers into the Business Management and Technology System upon receipt. When you begin collecting revenue in your Franchised Business, the payment processor may process all credit card payments related to your Franchised Business, and remit payment to you of all monies owed, after withholding any Technology Fees, Royalty Fees, or Marketing Fees payable to us and any payment processing fees payable to such processor.

You must offer products and services in accordance with the System. You must offer at the Franchised Business any products or services that we deem to be mandatory. Any products, services, methods, or procedures that you or your employees develop must be consistent with the System Standards that we specify from time to time. If we disapprove of any product or service that you offer, you must immediately discontinue offering the product or service in accordance with our instructions.

### **Items You Must Purchase from Us or our Affiliates**

Other than as disclosed above, we are not an Approved Supplier for any products or services you must purchase for your Franchised Business. We reserve the right to designate ourselves or our affiliates as Approved Suppliers for any products or services at any time.

### **Items You Must Purchase from Designated or Approved Third Parties**

#### POS Systems.

You must purchase and subscribe to the point-of-sale (POS) system software and hardware from the designated supplier. We will provide you with the specifications in the Manual.

#### Marketing and Video Production Services.

You must use the marketing services provider we designate. This also includes the video production services you must use for your initial marketing. We will provide you with the specifications in the Manuals.

### **Items That Must Meet Our Specifications**

#### Equipment.

We will provide you with a list of the required equipment to open and begin operating a Franchised Business. At a minimum, the list will include the following equipment:

- (i) One color laser printer
- (ii) One desktop computer with a hard drive of 512 gigabytes, 16 gigabyte memory, internet speed of 50-100 Mbps (100 is recommended, however), and wi-fi hotspot. The computer must be five years old or newer.

#### Furniture and Fixtures.

We will provide you with a list of the minimum required furniture and fixtures to open and begin operating a Franchised Business. The list will include traditional office and medical office furniture, such as chairs, desks, lights, and shelving units.

Computers.

You must purchase or lease the Business Management and Technology System hardware and software that we require. You must also contract with any existing hardware or software vendors to convert your existing systems and or data to a format required for our systems.

Signage.

Any signage we require you to purchase must meet our specifications, which we will provide in the Manuals.

Phone and Internet.

Your facility must also have a phone and internet systems. Phone and internet vendors and prices may vary based on the location of your facility.

Insurance.

You must maintain the types and minimum amounts of insurance coverage and bonds we specify for the Franchised Businesses. The table below sets out our required and recommended insurance coverage as of the date of this disclosure document:

Type	Minimum Coverage
Comprehensive General Liability	\$1 million per incident / \$3 million aggregate
Commercial Umbrella Policy	\$1 million excess over all underlying liability coverages per occurrence and \$3 million in the aggregate
Business Interruption	12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause
Workers' Compensation	As required by law in your area
Crime Insurance for Employee Dishonesty	\$50,000 combined single limit
Employer Liability	\$100,000 per incident
Auto Insurance	Coverage to comply with law

Your insurance policies must be written by a carrier with an industry rating acceptable to us, must name us, Quality Staffing Group, Inc and our parents, subsidiaries, and affiliates, and their respective officers, directors, members, shareholders, and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us. All public liability and property damage policies must be primary and non-contributory and must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors, and assigns.

Prior to opening your Franchised Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least thirty (30) days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but not obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. We can increase the coverage requirements or require different or additional kinds of insurance.

### **Approval Process**

If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in order for us to make an evaluation. You agree to pay us an amount not to exceed the actual cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Franchised Business may differ from those that we permit or require to be offered in other Franchised Businesses.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If we revoke approval of a previously approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

### **Issuance of Specifications and Standards**

To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manual. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We will notify you of any changes to our Manual, specifications, or standards in writing, which we may transmit to you electronically.

### **Proportion of Purchases Subject to Specifications**

We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 75% to 85% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Franchised Business and 75% to 85% of the total cost to purchase and lease equipment, inventory, and other items to operate a Franchised Business.



## **Revenue from Purchases**

We or our affiliates may receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates intend to earn revenue from your purchase of apparel and merchandise, project management services, furniture, fixtures, equipment, technology, signage and graphics, audio-visual equipment, services we or they may offer, and other items that we may specify from time to time. We or our affiliates may retain any rebates or other payments we receive from suppliers.

As of the issuance date of this Disclosure Document, we have not established arrangements with any suppliers which require the supplier to make rebate payments to us, but we reserve the right to do so in the future. Because we have just started franchising the QM Staffing Group brand, we have not received any rebates from the required purchase of products and services by our franchisees.

## **Cooperatives and Purchase Arrangements**

We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. We reserve the right to enter purchase agreements or cooperatives.

## **Material Benefits**

We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

**ITEM 9.  
FRANCHISEES 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 Agreement</b>	<b>Item in Disclosure Document</b>
a.	Site selection and acquisition/lease	Franchise Agreement (FA) Sections 4.1, 4.2, and 4.3;	Item 11
b.	Pre-opening purchases/lease	FA Sections 5.1, 5.2, 5.3, 5.4, 5.5, and 5.6;	Items 5, 7 and 8
c.	Site development and other pre-opening requirements	FA Sections 4 and 5;	Items 5, 7, and 11
d.	Initial and ongoing training	FA Section 5	Item 11
e.	Opening	FA Section 4;	Item 11
f.	Fees	FA Sections 3 and 7	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manuals	FA Section 6	Items 11 and 16
h.	Trademarks and proprietary information	FA Sections 9 and 10;	Items 13 and 14
i.	Restrictions on products/services offered	FA Section 6	Items 8, 11 and 16
j.	Warranty and customer service requirements	FA Section 10	Not Applicable
k.	Territorial development and sales quotas	FA Section 4	Item 12
l.	Ongoing product/service purchases	FA Section 6	Items 8 and 11
m.	Maintenance, appearance, and remodeling requirements	FA Section 6	Item 11
n.	Insurance	FA Section 6.12	Items 6 and 8
o.	Advertising	FA Section 7	Items 6, 7 and 11
p.	Indemnification	FA Section 11	Not Applicable
q.	Owner's participation/ management/staffing	FA Sections 3.5 and 6	Items 11 and 15
r.	Records/reports	FA Section 8	Not Applicable
s.	Inspections/audits	FA Section 8	Not Applicable
t.	Transfer	FA Section 13;	Items 6 and 17
u.	Renewal	FA Section 2.2	Items 6 and 17
v.	Post-termination obligations	FA Section 15;	Item 17
w.	Non-competition covenants	FA Section 15;	Item 17
x.	Dispute resolution	FA Section 16;	Item 17
y.	Other: Guarantee of franchisee obligations	FA Attachment B	Not applicable

**ITEM 10.  
FINANCING**

We and our affiliates do not offer direct or indirect financing arrangements for any purpose in establishing or operating your Franchised Business. We and our affiliates do not guarantee your promissory note, lease, or any other obligation you may make to others.

**ITEM 11.  
FRANCHISOR’S ASSISTANCE, ADVERTISING, BUSINESS MANAGEMENT AND  
TECHNOLOGY SYSTEMS AND TRAINING**

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

**Pre-opening Assistance**

Before you open your Franchised Business we will:

1. Designate Areas. We will designate your Site Selection Area. (Franchise Agreement - Section 1.1).
2. Virtual Office or Real Estate Site Selection and Lease Approval
  - a. Site Selection. We anticipate that you will operate the Franchised Business and perform administrative duties from your primary residence, which must have a designated virtual office set-up and mailing address separate from your personal residence. Upon our written approval you may be permitted to operate from premises outside of your primary residence. We will review each site that you identify and determine whether to accept it using our site selection assistance criteria. We will conduct such on-site evaluation as we consider necessary and appropriate as part of our evaluation. We are not required to complete our review within a certain period of time. In addition to certain demographic characteristics, we also consider the following factors in accepting a Franchised Business location: site visibility, zoning, parking, competition, neighboring tenants, accessibility, population density, and adjusted gross income. (Franchise Agreement – Section 4.2)

While we will provide assistance and guidance, it is solely your responsibility to select a suitable site for the Franchised Business. Our acceptance of a proposed site is not a warranty or representation of any kind as to the potential success or profitability of your Franchised Business.

If we permit you to operate from a location other than your personal residence, you must find a location that we approve of within thirty (30) days and open for business no later than sixty (60) days from the effective date of your Franchise Agreement .If operating from a virtual office you must be open for business within four (4) weeks after the effective date of your Franchise Agreement (each an “Opening Deadline”). We may extend this Opening Deadline by up to four weeks in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension. If we have accepted a site for your Franchised Business and you are unable or unwilling to acquire such site or an alternative site that we accept by the Opening Deadline or you are unable to identify a site for your Franchised Business that we accept by the Opening Deadline, we may terminate the Franchise Agreement. (Franchise Agreement - Sections 4.1, 4.2, and 4.3)

- b. Approval of Site Lease. We anticipate that you will operate the Franchised Business and perform administrative duties from your primary residence unless you obtain our prior written approval to operate from premises outside of your primary residence. To request our approval, you must provide written notice to us and if we in our sole discretion approve the premises, you must sign our Lease Rider attached as Exhibit L of this Disclosure Document. Unless we have provided our acceptance of the proposed business premises in writing the request will be deemed denied 30 days after receiving your written request. Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor. Our review of the lease is for our benefit and is not intended to supplement or replace any review by a real estate attorney engaged on your behalf. You are strongly encouraged to engage competent legal counsel to assist in the review and negotiation of your site lease. (Franchise Agreement - Section 4.4).
3. Initial Training. We will provide Initial Training in the System and our policies and procedures to you or your representatives. See “Training”, below in this Item (Franchise Agreement – Section 5.1).
4. Manuals. We will provide you electronic access to QM Staffing Group’s confidential Manuals. You must keep the Manuals confidential. When your franchise agreements expire or terminates your access will be revoked and any printed copies must be destroyed. (Franchise Agreement – Section 6.1).
5. Advice. We will advise you as to local marketing and networking efforts. We will provide you with templates for services agreements for use in your Franchised Business, which you must adapt to comply with applicable laws and regulations. We must approve any modified forms of such agreements or waivers. (Franchise Agreement – Sections 5.2).

### **Ongoing Assistance**

During the operation of your Franchised Business, we will:

1. Review Advertising. We will review any advertising or promotional programs or materials that you develop. (Franchise Agreement - Section 7.5(b))
2. Brand Fund Management. We will manage the Brand Fund as described below in this Item. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 120 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement - Section 7.2 and 7.3)
3. Relocation Review. We will evaluate sites to which you propose to relocate your Franchised Business in accordance with our then-current System Standards for Site locations. (Franchise Agreement - Section 4)
4. Pricing. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. We currently require you to charge rates equal to or in excess of a minimum pricing schedule, which we will provide and may revise from time to time. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. (Franchise Agreement – Section 6.5)

## **Operations Manual**

As of the date of this Disclosure Document, the Manuals are still under development and have not been completed. The current Table of Contents of the Manuals is attached as Exhibit D to this Disclosure Document. The Manuals currently consist of 157 pages. We may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures within 30 days after we transmit the updates.

## **Marketing Program**

### Our Marketing

We may from time to time formulate, develop, produce, and conduct, at our sole discretion, advertising, promotional, and lead generating programs in such form and media as we determine to be most effective. We may make available for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared.

We have not conducted media advertising for the QM Staffing Group concept. If we conduct media advertising, we may use direct mail, print, radio, Internet, digital advertising, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

### Local Area Marketing

You must use your best efforts to promote the use of the Mark in your market area. You must spend at least 1% of Gross Revenue per month on local marketing activities. This amount is in addition to any Brand Fund Contribution, you are required to make which is currently one percent (1%) of your monthly Gross Revenue. We have the right to designate in the Manuals the types of expenditure that will or will not count toward the local marketing activities. At our request, you must submit appropriate documentation to verify compliance with the local marketing activities, which we will reconcile each quarter. If you fail to spend (or prove that you spent) the local marketing activities in any month, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Marketing Fee or to pay us the shortfall for us to spend on local marketing for your Franchised Business.

You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we and franchisees in neighboring territories agree otherwise. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Franchised Business is completely clear, factual, and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Moreover, you must conduct all advertising in a dignified manner and in conformance with the standards and requirements we specify in the Manuals.

You must submit to us in writing for our prior approval all sales promotion materials and advertising that have not been prepared by or previously approved by us. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

## Initial Marketing

In connection with the opening of the Franchised Business, you must pay up to \$3,000 on your initial marketing plan. The timeframe for your initial marketing plan is three weeks before the scheduled opening of your Franchised Business and no later than four weeks after opening. Your initial marketing plan must be approved by us before implementation and we have the right to modify your initial marketing plan, in our sole discretion. The funds for your initial marketing plan will be paid to either us or designated suppliers and must be paid a minimum of four weeks prior to the scheduled opening of the Franchised Business. You must provide us with supporting documentation evidencing these expenditures upon request.

## Brand Fund

We have established a Brand Fund for the common benefit of System franchisees. All franchisees contribute an equal amount to the Brand Fund. We also contribute to the Brand Fund for each Company-Owned Outlet at the same rate as franchisees. Currently, you must contribute 1% of your Gross Revenue to the Brand Fund in the manner we prescribe and participate in Brand Fund programs (the “Brand Fund Contribution”). We reserve the right to increase your Brand Fund Contribution to up to 3% of Gross Revenue upon 30 days’ notice to you. We may use monies in the Brand Fund and any earnings on the Brand Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the QM Staffing Group brand or Franchised Businesses generally, including advertising campaigns in various media; creation, maintenance, and optimization of the System Website or other websites; keyword or ad-word purchasing programs; conducting and managing social media activities; digital media development; video productions; podcasts; direct mail advertising; market research, including, without limitation, secret shoppers and customer satisfaction surveys; branding studies; employing advertising and/or public relations agencies; purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; and providing promotional and other marketing materials and services to our franchisees. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement. We do not guarantee that you will benefit from the Brand Fund in proportion to your contributions to the Brand Fund.

We will make any sales and other materials produced with Brand Fund monies available to you without charge or at a reasonable cost, and we will deposit the proceeds of such sales into the Brand Fund.

We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises; however, the QM Staffing Group website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities.

We will not use any contributions to the Brand Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Brand Fund activities and retainers and fees for outside agencies). We may use monies in the Brand Fund to pay for an independent audit of the Brand Fund, if we elect to have it audited.

In no event will we be deemed a fiduciary with respect to any Brand Fund Contributions we receive or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 120 days after the close of our fiscal year to franchisees who make a written request for a copy.

Company-Owned Outlets will not contribute to the Brand Fund. As we have just begun franchising, there were no Brand Fund Contributions or expenditures as of the issuance date of this Disclosure Document. Any sums in the Brand Fund at the end of any year shall be applied toward the following years’ expenditures.

## Digital Marketing

We may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or ad-word purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications (such as YouTube), or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Marks, your Franchised Business, and the entire network of Franchised Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Franchised Business.

Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Franchised Business or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications, or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

You are not authorized to have a website for your Franchised Business or to have a webpage related to your Franchised Business in any third-party website, including, without limitation, social networking sites. As part of our Digital Marketing, we or one of our designees will operate and maintain the QM Staffing Group website, which will include basic information related to the Franchised Business, the ability for customers to request information and solicit services at your Franchised Business, and access to the Franchised Business’s reservation system.

## Promotional Programs

You must participate in all in- Franchised Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or unless approved or offered by us.

## Advertising Cooperatives

We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Franchised Businesses, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to mandate or approve if and when we form such cooperative. If we form an advertising cooperative, we will have the right to determine how membership will be defined, whether company-owned or affiliate-owned Franchised Businesses will participate in the cooperative, and whether we, an affiliate, a franchisee, or a third party will administer the cooperative. If you join an advertising cooperative, we or the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which may be in addition to your Brand Fund Contribution or local marketing activities. There is no cap on this potential spending obligation. If we form an advertising cooperative, we will make any governing documents available to you for your review.

## Advertising Councils

We currently do not have an advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement an advertising council in the future, at which point we will set policies related to such council. If we form an advertising council, we may appoint members, allow franchisees to elect members, or have a mix of appointed and elected positions. The advertising council may consist of both franchisees and our representatives. Any advertising council will be advisory and will not have any decision-making authority. We will have the right to modify or dissolve any advertising council that we create.

## Advisory Council

We may establish an Advisory Council for QM Staffing Group Franchisees to work with us and to consult with us on potential improvements to the QM Staffing Group System, the products offered by QM Staffing Group Franchises, advertising conducted by the National Brand Advertising Fund and any other matters that we deem appropriate. If an Advisory Council is formed, it will act solely in an advisory capacity, will not have decision making authority, and will be comprised of our representatives and QM Staffing Group Franchisees who may be chosen by us or elected by other QM Staffing Group Franchisees. All QM Staffing Group Franchisees who serve on an Advisory Council must pay their own transportation costs, food, lodging and similar expenses to attend Advisory Council meetings. We will have the right to form, change, merge or dissolve any Advisory Council at any time, at our discretion. As of the issuance date of this Disclosure Document, we have not formed an advisory council comprised of franchisee members, but we may do so in the future. If we form such an advisory council, franchisee members will be appointed by us for a one-year term and may only be removed for a failure to attend two consecutive meetings or a total of four meetings prior to the expiration of their term.

## **Business Management and Technology System**

You must obtain, maintain, and use the Business Management and Technology System that we specify periodically in the Manuals to (i) enter and track purchase orders and receipts, and customer information, (ii) update inventory, (iii) enter and manage your customer's contact information, (iv) generate sales reports and analysis relating to the Franchised Business, and (iv) provide other services relating to the operation of the Franchised Business.

Specifications for the brand, operating capabilities, and functionality of these hardware components will be set forth in the Manuals and is subject to change. At a minimum, the components of the Business Management and Technology System must be connected to the Internet via a high-speed Internet connection and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

We will provide you with access to software and maintenance of computer/online systems including franchisee intranet, email suite, a phone number, sales CRM, website design and maintenance, social app, and royalty management. You must also purchase the staffing and scheduling software we designate. The software for testing new temporary and permanent placement candidates is provided via an on-line service.

Your Business Management and Technology System will provide you with the following functions: applicant tracking, recruiting, onboarding, scheduling and fulfilling requests for temporary employees, searching and matching employee skills for the job order, email, word processing, accounting and financial reporting. We estimate that the initial cost of your Business Management and Technology System will be between \$2,000 and \$5,000.



You must obtain and use in the Franchised Business a Business Management and Technology System containing the hardware and software we specify (the “Business Management and Technology System”). The Business Management and Technology System currently includes one color laser printer, one desktop computer with a hard drive of 512 gigabytes, 16 gigabyte memory, internet speed of 50-100 Mbps (100 is recommended, however), wi-fi hotspot, a VOIP systema phone, the internet, and the required CRM and POS and related hardware and software from our designated vendors.

You must maintain the Business Management and Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Business Management and Technology System as we may require from time to time. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements, but there are no contractual limitations on our right to require changes to the Business Management and Technology System.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Business Management and Technology System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost up to \$1,000 per year.

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Business Management and Technology System for the purposes of obtaining the information relating to the Franchised Business. You must permit us to download and transfer data via a high-speed Internet connection or other connections that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Business Management and Technology System.

You must dedicate your Business Management and Technology System for use as the Business Management and Technology System only and use the Business Management and Technology System in accordance with our policies and operational procedures. Your employees must complete any and all training programs we reasonably require for the proper operation and use of the Business Management and Technology System. You may not use any other cash registers or Business Management and Technology Systems in your Franchised Business.

## **Training**

We will arrange for your initial franchise-training program (“Initial Training”), which must be completed to our satisfaction prior to commencing operations of your first Franchised Business. This program is subject to change at any time. Initial Training typically occurs over approximately eight weeks, with one-day sessions per week conducted by QM Staffing Group executive staff and designated trainers we appoint, who will have at least 6 months’ experience in their industry. We are currently conducting all or part of the initial training program virtually. We utilize learning management systems, reading materials, digital workbooks, videos, audios, live streaming, zoom meetings. We will conduct Initial Training at least four times per year but may conduct training sessions more frequently at our discretion. We reserve the right to modify the length, location, and timing of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your trainees have sufficient prior experience or training. Initial Training will be provided as soon as practicable after you sign your franchise agreement.

We will provide instructors, facilities, and materials for Initial Training no more than two of your representatives provided that all of your trainees are trained during the same training session. We reserve the right to charge a training fee of \$500, which we may increase upon 60 days’ written notice to you, for (i) each person who is repeating the course or replacing a person who did not pass, and (ii) each subsequent Operating Principal, Key Manager, or employee who attend the course. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training or any other training programs. If you elect to have Initial training conducted at your Franchised Business you will be responsible for any travel and living expenses, wages, and other expenses incurred by our trainers during Initial Training.

The below chart is a sample of the types of categories and hours provided in connection with the Initial Training program:

### TRAINING PROGRAM

Program	Subject	Hours of Classroom Training	Hours of “On-the-Job” Training	Location
<b>PROGRAM 1: Launch, Grow, Thrive</b>				
	Basics of Healthcare Staffing	1	0	Virtually
	Determining Rates & Profit Formula	2.75	0	Virtually
	Contract Review	1.25	0	Virtually
	Negotiation	.5	0	Virtually
	Marketing	1	0	Virtually
	Mindset for Growing Your Business Part I	.5	0	Virtually
	Operational Q&A	.25	0	Virtually
	Role Play	.25	0	Virtually
	Team Grow Strategies	1.5	0	Virtually
	Firm Owner Spotlights – Business Review	6.75	0	Virtually
<b>PROGRAM 2: GrowU</b>		0	0	
	Sales Process: Discovery	1.25	0	Virtually
	Sales Process: Overcoming Objections	3	0	Virtually
	Mindset for Closing the Sale	1	0	Virtually
	Systemizing Sales	1.75	0	Virtually
	Negotiation & ROI	1.5	6	Virtually
	Setting & Prioritizing Your CEO Schedule	1.25	8	Virtually

Program	Subject	Hours of Classroom Training	Hours of “On-the-Job” Training	Location
	Mindset for Growing Your Business Part 2	0.75	0	Virtually
	GrowU Playbook	0.75	0	Virtually
<b>PROGRAM 3: Growth Accelerator</b>		00	0	
	Mindset for Growing Your Business Part 3	1.75	0	Virtually
	Lead Generation	1.5	0	Virtually
	Staffing Firm Interviews: Growth Analysis	6	0	Virtually
<b>PROGRAM 4: Mentorship</b>		0	0	
	Setting Up Business: Entity & Legal Review	1.5	0	Virtually
	Insurance & Back Office Operations	3.5	0	Virtually
	Contract Review	1.5	0	Virtually
	Setting & Prioritizing Your CEO Schedule Part 2	1.25	0	Virtually
	Prospecting & Sales	2.5	0	Virtually
	Mindset for Growing Your Business Part 4	2	0	Virtually
	Operational Q&A	1	0	Virtually
<b>PROGRAM 5: Next Level Growth</b>		0	0	
	Next Level Mindset for Growing Your Business	6.5	0	Virtually
	<b>Total Hours</b>	<b>56</b>	<b>14</b>	

Additional Training - Mandatory

We may periodically conduct mandatory training programs for your management personnel and/or your employees at our office, virtually, or another location that we designate. There will be no charge for training programs that we require you or your employees to attend but you will be responsible for your trainees’ travel and living expenses. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require your management personnel or employees to satisfactorily complete any additional training programs that we specify. We may require your management personnel to participate in refresher or advanced training each year.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Franchised Business to retrain employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee for each trainer assigned to your Franchised Business and any remedial training, including our reasonable travel, and living expenses related to providing remedial training.

The initial franchise fee is non-refundable. If you fail to complete the training program to our satisfaction, or prior to the designated opening the Franchised Business, we may choose to terminate the Franchise Agreement.

#### Training by You

You and/or your Operating Principal are responsible for training all of your other employees (and subsequent Key Managers) in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training virtually or pay for our costs and expenses to send one of our representatives to train them at your Franchised Business.

#### Delegation

We may delegate the performance of any or all of our obligations under the Franchise Agreement to an Area Representative, affiliate, agent, independent contractor, or other third party. As described in Item 1, if we appoint an Area Representative in the area that includes your Franchised Business, the Area Representative will provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement.

## **ITEM 12. TERRITORY**

### **Franchise Program**

#### Site

Your franchise is for the specific Site that we approve. You must select a site that we have accepted within the non-exclusive Site Selection Area that we specify. The site will be added to the Franchise Agreement once we accept it and you secure it. This will be within 15 and 30 days after signing the Franchise Agreement depending on whether the site is virtual or physical. Your Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the Site for the Franchised Business.

#### Relocation

If you would like to relocate your Franchised Business, you must receive our written consent. Our approval will not be unreasonably withheld, provided (i) the new location for the Franchised Business is satisfactory to us and within your Site Selection Area, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Franchised Business, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three years prior to, and as of, the date we consent to such relocation (the "Relocation Request Date"), (vi) you are not in default, and no event exists which with the giving of notice and/or passage of time would constitute a default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our approval of another site and enter into a lease for the new approved site within 90 days after you lose your site lease. You must pay us a relocation fee as specified in Item 6.

#### Territory

Once you have secured the Site, we will provide you an area in which you will have protected rights (the "Territory"). Your Territory will vary by franchise, and may be defined in terms of one or more zip codes or counties, population size, population density or by another geographic designation, as determined by us, depending on the aforementioned market characteristics. Your Territory may be pre-determined by us prior to signing the Franchise Agreement. The Area will be defined prior to your execution of the Franchise Agreement and will generally have a radius between 30-60 miles.

The boundaries of your Territory may be described in terms of population size, zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Existing franchisees in our System may have a different size Territory than is granted to you, which may be bigger or smaller than your Territory. We are not required to adjust either your or the other franchisee's Territory to accommodate any size difference.

You may only solicit hospitals, clinics, or other healthcare facilities (“Facilities”) and medical professionals (“Candidates”) that are located in your Territory. Your local advertising must target Facilities in your Territory, although the reach of your local advertising may extend beyond your Territory.

Because we retain certain “reserved rights” (see “Reserved Rights”) within your Territory, the Territory is a protected territory, not an exclusive territory. During the term of your Franchise Agreement, if you are in compliance with the Franchise Agreement, we will neither operate, nor award to another person a franchise to operate, another Franchised Business in your Territory, nor will we service, or authorize others to service, customers in your Territory, provided you are not in default under the Franchise Agreement.

### Territory Referral Placement Program

As of the date of this Disclosure Document, we have not initiated the Territory Referral Placement Program, but we may do so in the future upon 30 day written notice to you. Under this Plan, there is no restriction on where you may search for candidates; however, if a candidate that you placed resides in a territory operated by another QM Staffing Group franchisee in the same field of medicine or practice (“Specialty Line”) at the time you presented the candidate to the facility, you are required to pay 50% of your Gross Revenue from the placement to that franchisee.

You may refer candidates residing in your Territory to other franchisees of ours in the same Specialty Line and receive 50% of the Gross Revenue received by such other franchisees for their placement of these candidates.

Likewise, if you refer a candidate that resides in your Territory to a second franchisee for placement in a Facility in that franchisee’s territory, but the candidate is ultimately placed in the Facility’s location in a third franchisee’s territory, you are required to split the Gross Revenue from the placement in thirds, with the second franchisee, the third franchisee, and you each receive an equal share.

### Reserved Rights

Among other things, we and our affiliates have the right to

(a) establish or license franchises and/or company-owned Businesses, or other businesses offering similar or identical products, services, and programs and using the System or elements of the System :

(i) under the Marks anywhere outside of the Territory; or

(ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory;

(b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory;

(c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and

(d) acquire, be acquired by, or merge with other companies with existing facilities or businesses anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory:

(i) convert the other businesses to the QM Staffing Group name,

(ii) permit the other businesses to continue to operate under another name, and/or

(iii) permit the businesses to operate under another name and convert existing Franchised Businesses to such other name.

We will not compensate you for any of our activities in your Territory, even if they have an impact on your Franchised Business.

## Restriction on Rights

You do not have the right to open additional Franchised Businesses, nor do you have any rights of first refusal on any other location. You do not have the right to use the Marks or the System at any location other than the Territory or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Franchised Business within the Territory without our prior written consent. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we agree otherwise.

We reserve the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one Franchised Business and redeemed at another Franchised Business. We do not have these policies or procedures in place, however, as of the date of this Disclosure Document.

## **Additional Disclosures**

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that offer medical staff provider business or similar products or services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

## **National, Regional, and Key Accounts**

We may from time to time enter into agreements to provide services to customers as part of a national, regional, or key account program at locations within the Territory. You must accept and perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of services, and central invoicing) with respect of locations within the Territory. If you refuse to perform the required services or we determine that your Franchised Business is not qualified, interested, able or available to perform the services, you are required to allow either our employee(s) or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

## **Minimum Performance Requirements**

You need to achieve specified Gross Revenue to retain the Protected Territory under the Franchise Agreement (“Minimum Performance Standard(s)”). Following the execution of the Franchise Agreement, the Minimum Performance Standard is as follows:

Year 1	1 Unit	\$250,000
Years 2+	1 Unit	\$500,000

If you fail to meet the Minimum Performance Standards in any calendar year, you must create a business plan that we must approve in writing, and you must diligently implement the business plan during the next calendar year. If you fail to meet the Minimum Performance Levels for two consecutive years, we may reduce the size of your Protected Territory or elect to terminate your franchise agreement.

**ITEM 13.  
TRADEMARKS**

Pursuant to the Franchise Agreement, you are granted a license to operate a Franchised Business using the marks, QM Staffing Group (logo) and other marks in connection with the business (the “Marks”). The Marks listed below are the subjects of U.S. Patent and Trademark Office registration applications shown below.

In addition to the Marks in the chart below, franchisees may also use other marks, registered or unregistered, that we own or have the right to use through a license agreement between Quality Staffing Group, LLC, and Quality Staffing Group, Inc. (the “License Agreement”) and that we designate as part of the Marks. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement.

Quality Staffing Group, LLC has applied for the following trademarks with the Principal Register of the USPTO and has filed all required affidavits with respect to each of the Marks:

<b>Trademark</b>	<b>Serial Number</b>	<b>Filing Date</b>
QM Staffing Group	97905772	April 25, 2023

At this time, we do not have a registration for this trademark. Therefore, this trademark does not have many of the legal benefits and rights as a federally registered trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses.

We claim common law rights to the Marks and other terms and phrases used regularly in connection with the Franchised Business. We also claim common law rights to our designs, logos, and trade dress items, including color schemes and appearance, as well as copyright where applicable, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common law and/or statutory trade secret and unfair competition protection for the proprietary materials and information you are awarded a license to use under the Franchise Agreement.

There are presently no final effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any trademark administrator of any state or any court proceedings which limit or restrict our right to use the above-described Marks or are relevant to your use of the Marks for your Franchised Business.

We have the right to control any administrative proceeding or litigation involving a trademark licensed by or to you. If you learn of any claim, suit, or demand against you by a third party for any alleged infringement, unfair competition, or similar matter due to your use of the Marks, in accordance with the terms of the Franchise Agreement, you must promptly notify us of the claim, suit, or demand. We will then take whatever action we, in our sole discretion, consider necessary or appropriate. We intend to take reasonable steps to preserve and protect our ownership of the Marks and their validity. We are not obligated to protect any rights awarded to you to use the Marks or protect you against claims of infringement or unfair competition regarding the Marks. You may not settle or compromise any claim by a third party without our prior written consent. We may defend, compromise, or settle any claim at our cost, using attorneys that we choose, and you must cooperate fully with us in defending the claim. If you learn of any infringing use, you must promptly notify us. We will decide in our discretion whether or not to prosecute any purported infringement of the Marks and our decisions will be final.



We are the lawful and sole owner of the domain name(s) [www.qmstaffinggroup.com](http://www.qmstaffinggroup.com). You cannot register any of the Marks owned by us or any abbreviation, acronym, or variation of the Marks, or any other name that could be deemed confusingly similar, as internet domain names. We retain the sole right to advertise the System on the internet and to create, operate, maintain, and modify, or discontinue using, a website using the Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any internet domain name in connection with your franchise.

You may use only the Marks which we designate, and you may use them only in the manner we authorize and permit. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Marks only for the operation of the business and only in your Territory, on the Franchised Business, or in advertising for the business. You will use all Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "®," as applicable, to the extent they have been validly registered in the USPTO. You may not use the Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the franchise System. You may not use the Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You have the option of forming a new corporation, new limited liability company, or use an existing corporation or limited liability company for the operation of your Franchised Business. If you choose to form a new corporation or limited liability company, this entity's registered name must be "QM Staffing Group" followed by the most heavily populated metropolitan area in your Territory. If you choose to use an existing entity you control, you must file a "D/B/A" using the same naming requirement for newly formed entities. You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your business is located, as doing business under such assumed business name.

All of your advertising must prominently display the Marks and must comply with our standards for using the Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Marks. You may use the Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us, and we must approve, all advertising, publicity, signs, decorations, furnishings, equipment, or other materials employing the Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Franchised Business (in the manner we prescribe) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing on your business location.

If it becomes advisable at any time in our sole discretion for us or you to modify or discontinue use of the Marks or use one or more additional or substitute trade or service marks, you must comply with our directions to modify or discontinue the use of the Marks within the time frame specified by us. We may add to, delete, or modify our Marks. You must accept, use, or cease using, as may be applicable, the Marks, including modified or additional Marks in accordance with our prescribed procedures, policies, rules, and regulations whether contained in the Manuals, in the Franchise Agreement, or otherwise. You will not be compensated as a result of any discontinuation or modification of the Marks.

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

We own no rights in, or licenses to, any patents or patent applications.

Except as provided below, we own no rights in, or licenses to, any copyrights. We have not registered any copyrights with the United States Copyright Office. However, we claim copyrights with respect to our advertising materials and Manual, as well as other materials we may periodically develop. There are no determinations of the Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any copyrights by us.

Any copyrights used by you in the Franchised Business belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Franchised Business.

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Franchised Business (collectively, "Proprietary Information"). You may not, nor may you permit any person or Entity to, use, or disclose any Proprietary Information (including any portion of the Manual) to any other person, except to the extent necessary for your employees to perform their functions in the operation of your Franchised Business. You must take reasonable precautions necessary to protect Proprietary Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of your obligation to protect Proprietary Information and their related responsibilities and obligations. If we or our affiliates so request, you must obtain from your officers, directors, Owners, Key Managers, and employees confidentiality agreements in a form satisfactory to us or our affiliates. You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Proprietary Information.

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

At all times that your Franchised Business is open for business, it must be under the personal supervision of either you, your Operating Principal, your Key Manager, or a trained attendant. Your Key Manager or another trained manager must be available at all times the Franchised Business is open for business. You or your Operating Principal and your Key Manager must successfully complete our training program and any other training programs that we may require. You may not permit your Franchised Business to be operated, managed, directed, or controlled by any other person without our prior written consent.

Your Operating Principal must have at least a 10% ownership interest in your Entity and must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. In addition, you must appoint a Key Manager to manage the day-to-day business of your Franchised Business, who may also be the Operating Principal. The Key Manager is not required to have an ownership interest in your Entity. You must provide us with written notice of your Operating Principal and Key Manager at least 60 days prior to opening and may not change your Operating Principal and Key Manager without our prior approval.

We may also require you to obtain from your officers, directors, Key Managers, instructors, your Owner's spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants in a form acceptable to us, which specifically identify us as having the independent right to enforce them.

Each Owner, including the Operating Principal, must sign the Payment and Performance Guarantee (the "Guarantee") attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement. If you are a party to a Development Agreement, each individual with a direct or indirect ownership interest in your Entity must sign the Guarantee attached to the Development Agreement.

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

You may offer for sale in the Franchised Business only the products and services that we have approved in writing. In addition, you must offer the specific products and services that we require in the Manuals or otherwise in writing. We may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products only in the varieties, forms, and packages that we have approved. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand if we have not prescribed specific standards).

We may, without limitation, change the types, amounts, or specifications of the goods or services that you may offer. We may, without limitation and in our sole discretion, revoke approval of a previously approved product or service that you have been selling, in which case, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

We impose no restriction on the retail customers that you may serve at your Franchised Business, but you may not make any sales of products or services outside of the Franchised Business or use vendor relationships that you establish through your association with us or the QM Staffing Group brand for any other purpose besides the operation of the Franchised Business, unless we consent in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other System franchisees.

You must ensure that all services you provide are accounted for through the Business Management and Technology System, make payments through the Business Management and Technology System, and sign contracts for services on a form that we prescribe or approve.

You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we agree otherwise.

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

**THE FRANCHISE RELATIONSHIP**

**This table lists important provisions of the franchise agreement. You should read these provisions in the agreements attached to this Disclosure Document.**

Provision	Section of Franchise Agreement (“FA”)	Summary
(a) Length of the franchise term.	FA ¶ 2.1	Seven (7) years commencing from the date the Franchise Agreement is signed and approved by us. (FA)
(b) Renewal or extension of the term.	FA ¶ 2.2	You have the option to renew the franchise agreement for two additional five (5) year terms provided that you are not in violation of your agreement and other contractual requirements are met. Due when you sign the renewal agreement, you must pay a renewal fee equal to \$10,000 or 25% of our then-current initial franchise fee, whichever is greater. You must be able to retain possession of the Franchised Business or to obtain an alternative site acceptable to us. You must refurbish the site as provided in Paragraphs 8 and 14 of the franchise agreement or, at our option, relocate the Franchised Business to a site agreeable to and approved by us. You will be offered our then-current franchise agreement applicable at the time of renewal to sign, which may be materially different from the current form of franchise agreement. (FA).
(c.) Requirements for franchisee to renew or extend	FA ¶ 2.2(a)-(h)	Not be in material default on franchise, supplier or affiliate agreements; Pay a renewal fee; Maintain possession of Franchised Business premises or secure suitable alternative, refurbish Franchised Business or relocate to alternative suitable site; Execute then current standard Franchise Agreement, which may be materially different from the current form of franchise agreement. (FA)
(d) Termination by Franchisee	FA ¶ 14.3	If you are in compliance with your FA and we materially breach this Agreement and fail to cure any breach within thirty (30) days after written notice is delivered to us, you may

Provision	Section of Franchise Agreement (“FA”)	Summary
		terminate your FA and the franchise effective ten (10) days after delivery of notice to us. (Subject to state law) (FA)
(e) Termination by Franchisor Without Cause	FA ¶ 14.2(c)	The FA does not permit either party to terminate the agreement without cause
(f) Termination by Franchisor with Cause	FA ¶ 14.1	The FA permits the Franchisor to terminate the agreements for cause during their terms and before expiration.
(g) “Cause” Defined: Curable Defaults	FA ¶ 14.1(a)	<p>The FA permits the franchisee an opportunity to cure the following defaults before a termination notice is effective:</p> <p>(i) You fail to pay any financial obligation pursuant to this Agreement (a) within five days of the date on which we give notice of such delinquency, (b) immediately on written notice if a payment has not been made within sixty days after the date on which it is required to be paid, or (c) immediately on written notice if you are determined to have under-reported your Gross Revenue during any month by two percent or more of the actual Gross Revenue during such month on two or more occasions during the Term of this Agreement, whether or not you subsequently rectify the deficiency.</p> <p>(ii) You fail, for a period of fifteen days after notification of non-compliance by an appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business.</p> <p>(iii) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification herein or fail to operate the Franchised Business as specified in the Manual, fail to pay promptly any undisputed invoices from us, our affiliates, or your suppliers, and fail to cure such non-compliance or deficiency within thirty days (or such longer term as granted by us) after your receipt of written notice.</p> <p>(iv) You fail to achieve the Minimum Performance Requirements set forth in this Agreement or as amended by the Manual or another writing in accordance with this Agreement.</p> <p>(v) You abandon or cease to operate all or any part of the Franchised Business conducted under this Agreement for seventy-two hours or longer or default under any mortgage, deed of trust or lease with us or any third party covering the Franchised Business or the Site, fail to cure such abandonment or default and we or such third party treat such act or omission as a default, and you fail to cure the default to the satisfaction of us or such third party within any applicable cure period granted you by us or such third party.</p>

Provision	Section of Franchise Agreement (“FA”)	Summary
<p>(h) “Cause” Defined: Non-curable Defaults</p>	<p>FA ¶ 14.1(b)</p>	<p>We may terminate the FA immediately upon written notice without providing you an opportunity to cure if any of the following conditions exist or events have transpired:</p> <p>(i) You become insolvent or make a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if you file a petition in bankruptcy or one is filed against and consented to by you or not dismissed within thirty days, or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed.</p> <p>(ii) A final judgment in excess of five thousand dollars against you relating to the Franchised Business remains unsatisfied or of record for sixty days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction).</p> <p>(iii) You fail to commence operation of the Franchised Business as required by this Agreement.</p> <p>(iv) You make, or have made, any materially false statement or report in connection with this Agreement or application therefore.</p> <p>(v) Any transfer and assignment provision contained in Article 13 of this Agreement is violated.</p> <p>(vi) You receive from three or more notices to cure the same or similar defaults or violations of this Agreement during any twelve-month period.</p> <p>(vii) You or your Operating Principal fail to complete to Franchisor’s reasonable satisfaction any of our required Initial Training.</p> <p>(viii) You or any of your Owners violate any covenant of confidentiality or non-disclosure contained in this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any manual, material, good, or information created or used by us and designated for confidential use in the System.</p> <p>(ix) You or any person controlling, controlled by or under common control with you, or any principal officer or employee of you or any such person, owning an interest in the Franchised Business is convicted of a felony, or any other crime or offense that is reasonably likely, in our sole subjective opinion, to affect adversely the System, the Marks, or the goodwill associated therewith.</p> <p>x) You or any guarantor(s) default on any other agreement with us or any of our affiliates, and such default is not cured in accordance with the terms of such other agreement.</p>

Provision	Section of Franchise Agreement (“FA”)	Summary
		(xi) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification in this Agreement related to the Marks, including misuse of the Marks.
(i) Franchisee’s Obligations on Termination/ Non-renewal	<p>FA ¶ 15</p> <p>FA ¶ 15</p> <p>FA ¶ 15</p> <p>FA ¶ 15</p> <p>FA ¶ 15</p>	<p>After termination, expiration or nonrenewal under the FA, you must:</p> <p>(a) Immediately return to us all copies of the Manual;</p> <p>(b) Cancel all assumed name or fictitious name registrations relating to the use of any Mark;</p> <p>(c) Cancel and transfer to us or our designee all telephone numbers, post office boxes and directory listings relating to any Mark or to your Franchise Business;</p> <p>(d) Immediately pay all royalty fees, advertising contributions and other charges and fees due and owing under your FA;</p> <p>(e) Immediately cease identifying yourself as a QM Staffing Group Business or as being associated with QM Staffing Group system;</p> <p>(f) If you retain possession of the Franchised Business premises, at your expense, modify the exterior and interior of the Franchised Business to fully eliminate its identification and appearance as a QM Staffing Group Franchised Business. And,</p> <p>(g) Make the Franchised Business accessible and available for us to operate pursuant to ¶ 15 of your FA if we elect to do so.</p> <p>Also upon termination, expiration, or nonrenewal, you must make the Franchised Business and (if you own or control it) the land on which it located available to us to purchase the Franchised Business and purchase or lease the land at our option pursuant to the purchase and lease terms set forth in ¶ 18 of your FA, and to permit us to operate the Franchised Business during the option period if we elect to do so.</p> <p>For a period of two (2) years after the termination, expiration, or nonrenewal, of the FA, you agree not to open or operate a “Competing Business” (as defined in ¶ 12 of the FA) within ten miles of the premises of any of your Franchised Businesses and within five miles of any other QM Staffing Group Franchised Businesses in any state in which you operated a</p>

Provision	Section of Franchise Agreement (“FA”)	Summary
		<p>Franchised Business.</p> <p>Your obligations not to disclose or use for other purposes our trade secrets, confidential business information, or other proprietary materials remains in effect upon and after the termination, expiration or nonrenewal of the FA.</p> <p>Other than maintaining the confidentiality of our confidential information and trade secrets before and after termination, expiration or nonrenewal, the DA does not impose any separate or additional obligations upon termination, expiration or nonrenewal other than those set forth above relating to the FA.</p>
(j) Assignment of Contract by Franchisor	FA ¶ 13.1	<p>We may assign the FA without limitation and the assignee or other legal successor to our interests will be entitled to all of the benefits of the FA.</p> <p>However, no assignment will be made except to an assignee who in our good faith business judgment is willing and financially able to assume the franchisor’s obligations under the agreement.</p>
(k) “Transfer” by Franchisee -Defined	FA ¶ 13.2	<p>The FA defines transfers by the franchisee to include any assignment or transfer of the FA, any interest in the FA, any sale of transfer of any interest in an Approved Entity not specifically authorized in the FA, or a transfer of the Franchised Business or its assets.</p>
(l) Franchisor Approval of Transfer by Franchisee	FA ¶ 13.1	<p>The FA may be assigned to an Approved Entity provided that:</p> <p>(a) operation of Franchised Business is the only business of the Approved Entity;</p> <p>(b) the Approved Entity is actively managed by you;</p> <p>(c) the Controlling Person own and controls not less than 50% and the largest share of the equity or partnership interest in the Controlling Person;</p> <p>(d) all owners of greater than a 19.9 percent equity interest in the Approved Entity meet our future, then-current franchisee approval requirements, guarantee the obligations of the Approved Entity, and agree to be bound by the terms of the FA;</p> <p>(e) The Approved Entity’s stock certificates and organizational documents state that they are subject to the restrictions set forth in the FA;</p> <p>(f) The owners of the Approved Entity enter into a buy/sell Agreement acceptable to us; and,</p> <p>(g) All documents to be executed in connection with the transfer or assignment are provided to and approved by us.</p>





Provision	Section of Franchise Agreement (“FA”)	Summary
	FA ¶ 13.8	<p>such deceased or permanently disabled Controlling Person, provided the requirements of ¶ 20.4 are satisfied. Upon the death of any other owner, the interest of such owner shall be transferred within a reasonable time to a person meeting our requirements. All such transfers must also comply with ¶ 20.4 your FA.</p> <p><u>Definition of Permanent Disability</u></p> <p>You or your Controlling Person, will be deemed to have a “permanent disability” if you or your Controlling Person’s usual, active participation in the Franchised Business as contemplated by your FA is for any reason curtailed or prevented for a substantially continuous period of six (6) months, or if you become imprisoned, hospitalized, a resident of a mental institution, or in a persistent vegetative state for a substantially continuous period of six months.</p>
(n) Franchisor’s Right of First Refusal to Acquire Franchisee’s Business	FA ¶ 13.9	<p>Except for assignments or transfers to an Approved Entity, we have a 30-day right of first refusal to acquire all or any part of your Franchised Business, its assets, or an ownership interest in an Approved Entity if you or any owners of the Approved Entity propose to sell them. If the offer to purchase is for the interest of a Controlling Person, then we also have a right of first refusal to purchase all of any other owners’ shares or equity in your company at the same price per share or per unit. If you or your owners do not accept an offer to purchase within 60 days, our right of first refusal is renewed.</p>
(o) Franchisor’s Option to Purchase Franchisee’s Business	FA ¶ 13.9	<p>Upon termination, nonrenewal or expiration, you must make the Franchised Business and (if you own or control it) the land on which it located available to us to purchase Franchised Business and purchase or lease the land at our option pursuant to the purchase and lease terms set forth in ¶ 13 of your FA, and you must permit us to operate the Franchised Business during the option period if we elect to do so.</p> <p>The purchase price under this option may be paid in installments and be based on 50% of the last twelve months’ royalty sales for Franchised Businesses that have been in operation more than 52 weeks, as adjusted pursuant to ¶13. The option price for Franchised Businesses operating for less than 52 weeks shall be the cost of the Franchised Business plus 20%.</p>
(p) Death or disability of Franchisee	FA ¶ 13.8	<p><u>Death or Permanent Disability</u></p> <p>Upon your death or permanent disability or the death or permanent disability of the Controlling Person, your FA or the ownership interest of such deceased or permanently disabled Controlling Person must be transferred to a party approved by us. Any transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers which are contained in 20.4 of the FA. We will not unreasonably withhold our consent to the transfer of your FA or of such ownership interest to your spouse, heirs or relatives or to the spouse, heirs or relatives of</p>

Provision	Section of Franchise Agreement (“FA”)	Summary
		<p>such deceased or permanently disabled Controlling Person, provided the requirements of 20.4 are satisfied. Upon the death of any other owner, the interest of such owner shall be transferred within a reasonable time to a person meeting our requirements. All such transfers must also comply with ¶ 20.4 your FA.</p> <p><u>Definition of Permanent Disability</u></p> <p>You or your Controlling Person, will be deemed to have a “permanent disability” if you or your Controlling Person’s usual, active participation in the Franchised Business as contemplated by your FA is for any reason curtailed or prevented for a substantially continuous period of six (6) months, or if you become imprisoned, hospitalized, a resident of a mental institution, or in a persistent vegetative state for a substantially continuous period of six months.</p>
(q) Non-Competition Covenants During the Term of the Franchise	FA ¶ 12  FA ¶ 12	<p>During the term of your FA, you will not own or be engaged in: (i) any other healthcare business or business that: (a) any business that offers medical staffing and employment services (each, a “Competing Business”); or (ii) any business which provides consulting services too, or grants franchises or licenses for, a Competing Business. (Subject to state law).</p> <p>During the term of your FA, you will not solicit for employment or employ any employees of us, put affiliates or other Franchised Business franchisees if that solicitation or employment results in that person terminating his or her present employment and working for you, or if that solicitation or employment results in that person working in or for or operating a Competing Business, chain or franchise business. (Subject to state law)</p>
(r) Non-Competition Covenants After the Franchise is Terminated or Expired	FA ¶ 12	<p>For two (2) years after termination or expiration of your FA, you will not own or be engaged in any Competing Business within ten (10) miles of the location of your Franchised Business or within ten (10) miles of any Franchised Business in operation or under development at the time of termination or expiration of this Agreement, or the date on which you cease to operate the Franchised Business or use the Marks, whichever is later, excluding ownership of less than ten percent of the stock of shares in any corporation whose stock is publicly traded. (Subject to state law)</p>
(s) Modification of Agreement	FA ¶ 17.2	<p>This FA may be amended or modified only through a signed writing and constitutes the complete agreement between the parties hereto, superseding any prior or contemporaneous oral agreements or understandings of the parties relating to the Franchised Business at issue. We cannot waive any rights or claims under the FA except through a writing signed by a duly authorized officer. No modification, waiver, termination, etc. of the FA shall release any claim of any party hereto based on facts or events that occurred prior to the modification, waiver, termination, etc. Nothing in the FA or any related agreement is intended to disclaim any representation made in this Disclosure Document.</p>

Provision	Section of Franchise Agreement (“FA”)	Summary
(t) Integration/ merger clause	FA ¶18	<p>This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous oral or written agreements or understandings of the parties regarding the subject matter of this Agreement for the Franchised Business at issue.</p> <p>Nothing contained in this Agreement or in any related agreement is intended to disclaim any representation made by us in this Franchise Disclosure Document.</p> <p>Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.</p>
(u) Dispute Resolution by Arbitration or Mediation	FA ¶ 16	<p>The FA requires disputes to be submitted first to mediation in Louisiana-and then to binding arbitration in Louisiana. There is an exception permitting claims for temporary or preliminary injunctive relief to be asserted in state or federal courts in Lafayette, Louisiana to prevent irreparable harm pending arbitration. The arbitrator has no authority to award punitive damages. These provisions are subject to state law.</p>
(v) Choice of Forum	FA ¶ 16.2	<p>Any mediation, arbitration or litigation must be held and conducted in Southern District of Louisiana or Lafayette Parish District Court. These provisions are subject to state law.</p>

**ITEM 18.  
PUBLIC FIGURES**

We do not use any public figure to promote the sale of franchises.

**ITEM 19.  
FINANCIAL PERFORMANCE REPRESENTATION**

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) the franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting us at 1304 Bertrand Dr, A-1, Lafayette, LA, 70506; by email at [opportunity@qmstaffinggroup.com](mailto:opportunity@qmstaffinggroup.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2021 to 2023**

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	<b>2021</b>	0	0	0
	<b>2022</b>	0	0	0
	<b>2023</b>	0	0	0

**Table No. 2  
Transfer from Franchisees to New Owners (Other than the Franchisor)  
For Years 2021 to 2023**

STATE	YEAR	NUMBER OF TRANSFERS
Total Outlets	2021	0
	2022	0
	2023	0

**Table No. 3  
Status of Franchised Outlets  
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

**Table No. 4  
Status of Company Owned Outlets  
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired by Franchisor	Outlet Closed	Outlets Sold to Franchisees	Outlets at End of Year
LA	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	<b>2021</b>	0	0	0	0	0	0
	<b>2022</b>	0	0	0	0	0	0
	<b>2023</b>	0	0	0	0	0	0

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

<b>State</b>	<b>Franchise Agreements Signed but not Opened</b>	<b>Projected New Franchised Outlets to be Open in the Next Fiscal Year</b>	<b>Projected New Company Owned Outlets to be Opened in the Next Fiscal Year</b>
<b>LA</b>	0	1	0
<b>Totals</b>	<b>0</b>	<b>3</b>	<b>0</b>

**Current and Former Franchisees**

Set forth on Exhibit C are the (i) names of all current franchisees and the address and telephone number of each of their Franchised Businesses, and (ii) names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Franchised Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document’s issuance date.

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

**Confidentiality Agreements**

We have not signed any confidentiality clauses with current or former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the QM Staffing Group system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

**Trademark–Specific Franchisee Organizations**

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

**ITEM 21.  
FINANCIAL STATEMENTS**

Attached as Exhibit A to this Disclosure Document is our audited opening balance sheet as of April 30, 2024. As we were formed in February 2023 and will begin offering franchises at the publication of this Disclosure Document, we have not been in business for three years or more and cannot include all financial statements required by the FTC Rule for our last three fiscal years. Our fiscal year ends on December 31.

**ITEM 22.  
CONTRACTS**

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

<b>Document/Contract</b>	<b>Location in FDD</b>
Franchise Agreement (FA)	Exhibit E
Forms of General Release	Exhibit G
Form of Nondisclosure and Noncompete	Exhibit H
State-Required Franchise Agreement Riders	Exhibit I

**ITEM 23.  
RECEIPT**

The last two pages of this Disclosure Document are duplicate Receipts to be signed by you. Keep one for your records and return the other to us.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



# **The Quality Staffing Group, Inc.**

**(A State of Louisiana Corporation)**

**Balance Sheet with Report of Independent Auditors**

**April 30, 2024**

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Report of Independent Auditors

To the Shareholders of  
The Quality Staffing Group, Inc.;

*Opinion*

We have audited the accompanying financial statement of The Quality Staffing Group, Inc., (the Company), a State of Louisiana corporation, which comprises the balance sheet as of April 30, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the Company as of April 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 for one year after May 16, 2024.

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstance, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*DA Advisory Group PLLC*

Troy, MI  
May 16, 2024

The Quality Staffing Group, Inc  
(A Louisiana Corporation)  
BALANCE SHEET  
As of April 30, 2024

	<u>April 30,</u> <u>2024</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 111,000
Total current assets	<u>111,000</u>
LIABILITIES AND EQUITY	
Contributed capital	<u>111,000</u>
Shareholders' equity	<u>111,000</u>
Total liabilities and shareholders' equity	<u>\$ 111,000</u>

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

The Quality Staffing Group, Inc.  
(A State of Louisiana Limited Liability Company)  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2024

1. Organization

The Quality Staffing Group, Inc. ("The Company") was organized on February 8, 2023, in the State of Louisiana. The Company offers franchise opportunities in providing staffing services to healthcare facilities throughout the United States. As a franchisor, the Company is subject to all the laws, rules, and regulations of each state. Some states have more stringent regulations than others.

For the period ended April 30, 2024, total capital contributions were \$111,000 and shareholder distributions were \$0.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. As of April 30, 2024, the cash balance was \$111,000 and did not exceed the insured limit.

Fair value of financial instruments

The Company's financial instruments consist of cash, contracts receivable, accounts payable, accrued expenses, and / or other short-term assets and liabilities. These financial instruments approximate their fair values principally because of the short-term maturities of these instruments.

Income taxes

Income taxes on Company income are levied on the shareholders at the individual level. Accordingly, all profits and losses of the Company are recognized on the shareholders individual tax return.

3. Subsequent events

Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of The Quality Staffing Group, Inc. through May 16, 2024 (the date the financial statements were available to be issued) and concluded that no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**EXHIBIT B**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## List of State Regulatory Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<b>LIST OF STATE ADMINISTRATORS</b>	
<p><b><u>CALIFORNIA</u></b>                      Department of Financial Protection and Innovation                      320 West 4th Street, Suite 750                      Los Angeles, California 90013-2344                      (213) 576-7500                      Toll Free (866) 275-2677</p>	<p><b><u>CONNECTICUT</u></b>                      State of Connecticut                      Department of Banking                      Securities &amp; Business Investments Division                      260 Constitution Plaza                      Hartford, Connecticut 06103-1800                      (860) 240-8230</p>
<p><b><u>HAWAII</u></b>                      Commissioner of Securities of the State of Hawaii                      Department of Commerce and Consumer Affairs                      Business Registration Division                      Securities Compliance Branch                      335 Merchant Street, Room 203                      Honolulu, Hawaii 96813                      (808) 586-2722</p>	<p><b><u>ILLINOIS</u></b>                      Franchise Bureau                      Office of the Attorney General                      500 South Second Street                      Springfield, Illinois 62706                      (217) 782-4465</p>
<p><b><u>INDIANA</u></b>                      Indiana Secretary of State                      Franchise Section                      302 Washington Street, Room E-111                      Indianapolis, Indiana 46204                      (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>                      Office of the Attorney General                      Securities Division                      200 St. Paul Place                      Baltimore, Maryland 21202-2021                      (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b>                      Michigan Attorney General's Office                      Corporate Oversight Division, Franchise Section                      525 W. Ottawa Street                      G. Mennen Williams Building, 1<sup>st</sup> Floor                      Lansing, Michigan 48933                      (517) 373-7117</p>	<p><b><u>MINNESOTA</u></b>                      Minnesota Department of Commerce                      85 7<sup>th</sup> Place East, Suite 280                      St. Paul, Minnesota 55101-2198                      (651) 539-1600</p>
<p><b><u>NEW YORK</u></b>                      New York State Department of Law                      Investor Protection Bureau                      28 Liberty Street, 21<sup>st</sup> Floor                      New York, NY 10005                      (212) 416-8222</p>	<p><b><u>NORTH DAKOTA</u></b>                      North Dakota Securities Department                      State Capitol                      Department 414                      600 East Boulevard Avenue, Fourteenth Floor                      Bismarck, North Dakota 58505-0510                      (701) 328-4712</p>
<p><b><u>OREGON</u></b>                      Department of Business Services                      Division of Finance and Corporate Securities                      Labor and Industries Building                      350 Winter Street, NE Room 410                      Salem, Oregon 97310                      (503) 378-4387</p>	<p><b><u>RHODE ISLAND</u></b>                      Department of Business Regulation Securities Division,                      Building 69, First Floor                      John O. Pastore Center                      1511 Pontiac Avenue                      Cranston, Rhode Island 02920                      (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b>                      Division of Insurance                      Securities Regulation                      124 S. Euclid, Suite 104                      Pierre, South Dakota 57501                      (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b>                      State Corporation Commission                      Division of Securities and Retail Franchising                      1300 East Main Street, 9th Floor                      Richmond, Virginia 23219                      (804) 371-9051</p>
<p><b><u>WASHINGTON</u></b>                      Department of Financial Institutions                      Securities Division,                      P.O. Box 9033                      Olympia, Washington 98507                      (360) 902-8760</p>	<p><b><u>WISCONSIN</u></b>                      Division of Securities                      4822 Madison Yards Way, North Tower                      Madison, Wisconsin 53705                      (608) 266-2139</p>



## List of Agents for Service of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<b>LIST OF STATE AGENT FOR SERVICE OF PROCESS</b>	
<p><b><u>CALIFORNIA</u></b>                      Commissioner                      Department of Financial Protection and Innovation                      320 West 4<sup>th</sup> Street, Suite 750                      Los Angeles, California 90013-2344                      (213) 576-7500                      Toll Free (866) 275-2677</p>	<p><b><u>CONNECTICUT</u></b>                      Banking Commissioner                      Department of Banking                      Securities &amp; Business Investments Division                      260 Constitution Plaza                      Hartford, Connecticut 06103-1800                      (860) 240-8230</p>
<p><b><u>HAWAII</u></b>                      Commissioner of Securities of the State of Hawaii                      Department of Commerce and Consumer Affairs                      Business Registration Division                      Securities Compliance Branch                      335 Merchant Street, Room 203                      Honolulu, Hawaii 96813                      (808) 586-2722</p>	<p><b><u>ILLINOIS</u></b>                      Illinois Attorney General                      Office of the Attorney General                      500 South Second Street                      Springfield, Illinois 62706                      (217) 782-4465</p>
<p><b><u>INDIANA</u></b>                      Indiana Secretary of State                      Franchise Section                      302 West Washington Street, Room E-111                      Indianapolis, Indiana 46204                      (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>                      Maryland Securities Commissioner                      200 St. Paul Place                      Baltimore, Maryland 21202-2021                      (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b>                      Michigan Attorney General's Office                      Corporate Oversight Division, Franchise Section                      525 W. Ottawa Street                      G. Mennen Williams Building, 1<sup>st</sup> Floor                      Lansing, Michigan 48933                      (517) 373-7117</p>	<p><b><u>MINNESOTA</u></b>                      Minnesota Commissioner of Commerce                      Minnesota Department of Commerce                      85 7th Place East, Suite 280                      St. Paul, Minnesota 55101-2198                      (651) 539-1600</p>
<p><b><u>NEW YORK</u></b>                      New York Secretary of State                      New York Department of State                      One Commerce Plaza                      99 Washington Avenue, 6th Floor                      Albany, NY 12231                      (518) 472-2492</p>	<p><b><u>NORTH DAKOTA</u></b>                      North Dakota Securities Commissioner                      State Capitol                      600 East Boulevard Avenue, Fifth Floor                      Bismarck, North Dakota 58505                      (701) 328-4712</p>
<p><b><u>OREGON</u></b>                      Secretary of State                        Corporation Division - Process Service                        255 Capitol Street NE, Suite 151                      Salem, OR 97310-1327                      (503) 986-2200</p>	<p><b><u>RHODE ISLAND</u></b>                      Director of Department of Business Regulation                      Department of Business Regulation                      Securities Division, Building 69, First Floor                      John O. Pastore Center                      1511 Pontiac Avenue                      Cranston, Rhode Island 02920                      (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b>                      Division of Insurance                      Securities Regulation                      124 S. Euclid, Suite 104                      Pierre, South Dakota 57501                      (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b>                      Clerk of the State Corporation Commission                      1300 East Main Street, 1<sup>st</sup> Floor                      Richmond, Virginia 23219                      (804) 371-9733</p>
<p><b><u>WASHINGTON</u></b>                      Director, Department of Financial Institutions                      Securities Division, 3rd Floor                      150 Israel Road, Southwest                      Tumwater, Washington 98501                      (360) 902-8760</p>	<p><b><u>WISCONSIN</u></b>                      Administrator, Division of Securities                      4822 Madison Yards Way, North Tower                      Madison, Wisconsin 53705                      (608) 266-2139</p>

**EXHIBIT C**

**LIST OF CURRENT FRANCHISEES**

**CURRENT FRANCHISEES**

**NONE.**

**FORMER FRANCHISEES**

**NONE.**

## **EXHIBIT D**

### **OPERATIONS MANUAL TABLE OF CONTENTS**

The Operations Manual is still under development; therefore, these numbers are estimates based on what has currently been developed and are subject to change.

#### Table of Contents:

- Chapter 1: General Information (17 Pages)
- Chapter 2: The Franchise Relationship (43 Pages)
- Chapter 3: Introduction To Healthcare Staffing (57 Pages)
- Chapter 4: Operational Brand Standards (10 Pages)
- Chapter 5: Personnel (6 Pages)
- Chapter 6: Staffing Firm Operations Best Practices (14 Pages)
- Chapter 7: Recruitment (22 Pages)
- Chapter 8: Crisis Management (5 Pages)
- Chapter 9: Staffing Firm Business Administration (23 Pages)
- Chapter 10: QM Staffing Group Branding (13 Pages)
- Chapter 11: QM Staffing Group Marketing Program and Requirements (12 Pages)
- Chapter 12: QM Staffing Group Approved Supplier Program (5 Pages)
- Chapter 13: Next Level Growth (6 Pages)
- Chapter 14: Glossary (10 Pages)

**EXHIBIT E**

**FRANCHISE AGREEMENT**  
**WITH ATTACHMENTS**



FRANCHISE AGREEMENT

between

**QUALITY STAFFING GROUP, INC  
D/B/A QM STAFFING GROUP**

and

---

**FRANCHISEE**

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ATTACHMENTS

- A. Franchisee-Specific Terms
- B. Personal Guarantee of Owner/Shareholder
- C. Compliance Questionnaire

**QM STAFFING GROUP**  
**FRANCHISE AGREEMENT**

THIS AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on Attachment A of this Agreement (the “Effective Date”) (Attachment A and all other attachments to this Agreement are hereby incorporated by this reference) between Quality Staffing Group, Inc, a Louisiana corporation with its principal place of business at 1304 Bertrand Dr., A-1, Lafayette, Louisiana 70506 (“QM Staffing Group”), and the person or entity identified on Attachment A as the franchisee (“Franchisee”) with its principal place of business as set forth on Attachment A. In this Agreement, “we,” “us,” and “our” refers to Quality Staffing Group, Inc. “You” and “your” refers to Franchisee.

**BACKGROUND**

We and our affiliates have accumulated knowledge and experience in the medical professional staffing industry on the basis of which we have developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the “System”) for the operation of franchised outlets (each franchised unit shall be referred to herein as a “Business”) that operate under QM Staffing Group mark and offer such services to the public.

The distinguishing characteristics of the System include, but are not limited to, our business designs, layouts, and identification schemes (collectively, the “Trade Dress”), our specifications for equipment, inventory, and accessories; our website or series of websites for the Business (the “System Website”); our relationships with vendors; our software and computer programs; our billing system; the accumulated experience reflected in our operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (“System Standards”) set out in our operations manual (the “Manual”) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

We identify the Businesses operating under the System by means of QM Staffing Group mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos set forth on Attachment B (collectively, the “Marks”). We may designate for your use other trade names, service marks, and trademarks as Marks from time to time. These marks which will also be included in the term the “Marks.”

If you are a corporation, limited liability company, partnership, or other entity (collectively, an “Entity”), all of your owners of a legal and/or beneficial interest in the Entity (the “Owners”) are listed on Attachment A. If you are an Entity, the individual owner who you must appoint to have authority over all business decisions related to your business and to have the power to bind you in all dealings with us will be referred to as your “Operating Principal.”

You desire to open and operate a Business using the Marks and the System, and we are willing to grant to you a license to open and operate a Business on the terms and conditions of this Agreement.

In consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## Article 1      **Rights Granted**

§1.1. Grant of Franchise. On the terms and conditions of this Agreement, we grant to you a non-exclusive license (the “License”) to operate one Business using the Marks and the System. The Business will be located at a site to be mutually agreed upon subsequent to the execution of this Agreement (the “Site”), within the area set forth on Attachment A (the “Territory”). You have no right to (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Site, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Business at the Site.

§1.2. Acceptance of License. You hereby accept the License and agree to operate the Business according to the provisions of this Agreement for the entire Term, as defined in this Agreement.

§1.3. Limited Territorial Protection. A description of your Territory’s boundaries is set forth on Attachment A. Except as provided in this Section, we and our affiliates will not open, or license a third party to open, a Business within your Territory. Except for the foregoing sentence, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Business. For example, without limitation, we have the right to:

(a) establish or license franchises or company-owned Businesses or enterprises offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory;

(b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory;

(c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and

(d) acquire, be acquired by, or merge with other companies with existing staffing and employment service that places or other businesses anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, (i) convert the other businesses to QM Staffing Group name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name.

§1.4. Operating Principal. If you are an Entity, you must designate one individual to have authority over all business decisions related to your Business and the power to bind you in all dealings with us (“Operating Principal”). Your Operating Principal must directly or indirectly own at least twenty percent of the total outstanding ownership interests in your Entity. Your Operating Principal must be listed on Attachment A. You may not change your Operating Principal without our prior written approval.

§1.5. Ownership and Guarantee.

(a) Owners of Equity. If you are an Entity, each of your Owners must execute Attachment B, “Payment and Performance Guarantee” (the “Guarantee”). By executing the Guarantee, each Owner will be bound by the provisions contained in this Agreement, including without limitation the covenants against competition. A violation of any of the provisions of this Agreement by any Owner will also constitute a violation by you of your obligations under this Agreement. You represent that the individuals executing this Agreement under the Guarantee are your sole owners.



(b) Governing Documents. If you are (or Transfer this Agreement to) an Entity, upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

## **Article 2      Initial Term and Renewal Term**

§2.1. Initial Term. The initial term (the "Initial Term") of the License begins on the Effective Date and ends on the seventh anniversary thereof.

§2.2. Renewal Term. On expiration of the Initial Term, if you (i) are not in default under this Agreement, (ii) have substantially complied with this Agreement throughout the Term, (iii) have timely paid all monies due to us or our affiliates, and (iv) comply with this Section, you may, at your option, obtain two additional consecutive Renewal Terms of five years each (each, a "Renewal Term"). The Initial Term and Renewal Terms are referred collectively in this Agreement as the "Term." You may only exercise this right to obtain a Renewal Term by:

(a) giving us written notice of your desire to obtain a successor License at least six, but no more than twelve, months before the expiration of the then-current Initial Term or Renewal Term;

(b) delivering to us a fully executed franchise agreement on our then-current form of franchise agreement, which you acknowledge may contain terms materially different than those contained in this Agreement, including, but not limited to, higher fees and charges, and a modified Territory;

(c) executing a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, your Business;

(d) completing, and having your Operating Principal complete, all of our then-current training requirements, including any additional training that we may require;

(e) substantially and timely complying with each provision of this Agreement or any other agreement with us, our affiliates, or your landlord throughout the Initial Term and having no Event of Default (as defined in in this Agreement), or event which with the giving of notice and/or passage of time would constitute an Event of Default, in existence as of the expiration of the Initial Term; and

(f) paying to us a Renewal Fee equal to the greater of \$10,000 or 25% of our then-current initial franchise fee.

## **Article 3      Fees**

§3.1. Franchise Fee. You must pay us an initial franchise fee as set forth on Attachment A (the "Franchise Fee"). The initial Franchise Fee is paid in consideration of the rights granted in Article 1 (Rights Granted), is due on execution of this Agreement, and will be deemed fully earned when due. You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason. If we required you to pay a refundable territory deposit of \$2,000, to hold the territory prior to signing this Agreement, any amount received in deposits shall be credited against the Franchise Fee.

### §3.2. Royalty Fee.

(a) Gross Revenue. “Gross Revenue” means all revenue that you receive or otherwise derive from operating the Business, whether from cash, check, insurance payments, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

(b) Amount of Royalty Fee. You must pay us a weekly royalty fee (the “Royalty Fee”) equal to thirteen percent (13%) of your Gross Revenue for the previous week. On a quarterly basis, you must pay to us a minimum royalty fee of \$1,500 (“Minimum Royalty Fee”). Within 60 days after the end of each three-month period, we will advise you whether you have paid the Minimum Royalty Fee for the previous three-month period. We will automatically ACH debit funds from the franchisee account. The Royalty Fee is non-refundable and is paid in consideration of the ongoing right to use the Marks and the System in accordance with this Agreement and not in exchange for services rendered by us.

§3.3. Brand Fund Contribution. You must contribute 1% of your Weekly Gross Revenues to a fund we have established to promote the QM Staffing Group brand as described in this Agreement (“Brand Fund Contribution”). We reserve the right to raise the amount of the Brand Fund Contribution to a maximum of 3% of weekly Gross Revenue on thirty days’ advance written notice.

§3.4. Technology Fee. You agree to pay us a fee for the cost of your access to and usage of our system, intranet, mobile applications, websites and other products and services we designate for use in the Business (“Technology Fee”). The current fee is \$599 per month. This fee is due by the 10<sup>th</sup> of the month beginning in the month you open your Business. We reserve the right to raise the amount of the Technology Fee to a maximum of \$1000 each month on thirty days’ advance written notice. We also reserve the right to add, remove, and modify the services included with the Technology Fee and to increase or decrease the amount of the fee accordingly.

§3.5. Virtual Office Setup. If you are operating from your personal residence, you must pay the Virtual Office Setup and related ongoing fees as designated in the Manual, to our approved vendor. We reserve the right to change the approved vendor upon 30 days’ written notice to you.

§3.6. Accreditation & Certification. We recommend but do not currently require you to achieve accreditation and certification from The Joint Commission, a third party non-governmental organization that oversees medical staffing standards. This pricing and fees are set by the Joint Commission and may change from year to year. While this accreditation and certification is optional, some states or localities may require it. It is your responsibility to confirm whether your state or operating areas require this accreditation and certification. We anticipate the cost for such accreditation and certification will be approximately \$2,185 for initial fees and \$2,195 for annual fees.

§3.7. Non-Compliance Fee. We may increase your Royalty by up to one percent of Gross Revenue if we find in our reasonable discretion that you are not in compliance with your obligations under this Agreement (“Non-Compliance Fee”). The Non-Compliance Fee may be charged until you maintain compliance with this Agreement for at least ninety consecutive days. We may include in the Non-Compliance Fee reasonable compensation and all costs and expenses we incur in performing follow-up inspections to evaluate your compliance.

§3.8. Management Fee. If we elect to operate your Business on your behalf in accordance with the terms of this Agreement, you agree to pay us a fee equal to \$1,200 per week plus reimbursement of our representative's expenses during our management of the Business ("Management Fee").

§3.9. Renewal Fee. Upon your execution of a successor franchise agreement, you will pay to us a Renewal Fee equal to \$10,000 or 25% of our then-current initial franchise fee, whichever is greater (the "Renewal Fee").

§3.10. Transfer Fee. If you Transfer (as defined in this Agreement) your Business or this Agreement, you must pay us a Transfer Fee equal to \$10,000 or \$7,500 for existing franchisees. ("Transfer Fee").

§3.11. Payments of Fees. Your Royalty Fees and Brand Fund Contribution, (the "Operating Fees") are due to us and must be reported to us at the times and in the manner that we specify from time to time in the Manual or otherwise. Currently, you must pay us your Operating Fees weekly on or before Tuesday (or the next business day if any Tuesday falls on a federally recognized holiday), based on your Gross Revenue for the preceding week. All other fees and payments due to us must be paid to us within ten days of the event that triggers the fee or your receipt of an invoice from us.

§3.12. Methods of Payment. You must make all payments to us by the method or methods that we specify from time to time in the Manual, which may include payment via wire transfer or electronic debit to your bank account. You must furnish us and your bank with all authorizations necessary to affect payment by the methods we specify. We currently require you to make payment by electronic debit from your specified checking or savings account, and you must complete and sign an Authorization Agreement for Preauthorized Payments for this purpose. You must deliver a copy of the Authorization to us within five business days of our request. You must maintain sufficient funds in your account to permit us to withdraw the Operating Fees due from time to time. You may not, under any circumstances, set off, deduct or otherwise withhold any Operating Fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations or for any other reason. We may require you to purchase merchant processing services from us, our affiliates, or a vendor that we have approved or designated, each of whom may charge a reasonable monthly fee and reasonable per transaction fee. The payment processor may process all credit card payments related to your Business, and remit payment to you of all monies owed, after withholding any Operating Fees payable to us and any payment processing fees payable to such processor. If you fail to timely report your Gross Revenue, or we are otherwise unable to access your Gross Revenue, we may estimate the amount of fees due and make a corresponding withdrawal from your bank account based on our estimate, plus 20% of our estimate. If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which, if we institute an automatic debit program, we may debit from your account automatically. If we overestimate any fees due, we will credit the fees paid (without interest) against fees due in the next payment period after we receive accurate records regarding your Gross Revenue.

(a) Optional Method of Payment: Currently, we require payment to be made by electronic debit from your specified checking or savings account. However, we may accept credit cards depending on your credit score, financial capacity, and industry experience. Should we permit you to pay by credit card, you acknowledge that you are responsible for any associated fees imposed by us or your credit card holder.

§3.13. Interest; Late Fee. If any payment due to us is not received in full by the due date, you agree to pay us daily interest on the amount owed, calculated from the due date until paid, at the rate of 18% per annum (or the maximum rate permitted by law, if less. You also agree to pay us a late fee in the amount of \$100 for each week that a payment is paid after the applicable due date. This late fee is subject to increase upon sixty days' prior written notice but will not be increased more than once in any 12-month period. You acknowledge that this paragraph is not our agreement to accept any payments after they are due and that any late payments are a default under this Agreement.

§3.14. Taxes. You are responsible for all taxes, assessments, and government charges levied or assessed on you in connection with your business activities under this Agreement. In addition, as part of the Royalty Fee, Brand Fund Contribution, Training Fee, Additional Training Fee, Technology Fee, or any other fees that we charge, you will pay to us the amount of any taxes imposed on us or our affiliates (and any taxes imposed on us or our affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of our receipt of any such fees, not including any tax measured on our income.

#### **Article 4 Site Selection, Development, and Opening of Business**

§4.1. Site Selection. You will operate the Business and perform administrative duties for the Business from your primary residence which must have a designated virtual office set-up and mailing address separate from your personal residence. Upon our written approval you may be permitted to operate from premises outside of your primary residence. To request our approval, you must provide written notice to us and if we in our sole discretion approve the premises, you must sign our form of Lease Rider. Unless we have provided our acceptance of the proposed business premises in writing the request will be deemed denied 30 days after receiving your written request. If we permit you to operate from a location other than your personal residence, you must find a location that we approve of within thirty (30) days after signing this Agreement. If you fail to find a location that we approve of within thirty (30) days, we reserve the right to terminate this Agreement.

§4.2. Definition of the Territory. The Site must be located in your Territory as defined in Attachment A. We define territories based on the factors that we deem relevant, in our sole discretion, which might include number of residential contractors operating in the surrounding area, demographics, the character and location of the Site, and nearby businesses and residences.

§4.3. Relocation. If you would like to relocate your Business, you must receive our written consent. Our approval will not be unreasonably withheld, provided (i) the new location for the Business is satisfactory to us and within your Site Selection Area, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Business, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three years prior to, and as of, the date we consent to such relocation (the "Relocation Request Date"), (vi) you are not in default, and no event exists which with the giving of notice and/or passage of time would constitute a default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our approval of another site and enter into a lease for the new approved site within 90 days after you lose your site lease. Upon our Approval you must pay a Relocation Fee of \$5,000.

§4.4. Opening Deadline You must open your Business no later than thirty (30) days after signing this Agreement if operating from your personal residence and no later than sixty (60) days if operating from a location other than your personal residence (the "Opening Deadline"), unless we grant you an extension in writing. We will provide you with any specifications that we develop for fixtures, furnishings, equipment, and signage, which may include the names of approved suppliers. We do not supply these items directly, nor do we assist with delivery or installation. You may not open the Business until you have received our written approval. You must open the Business within ten days of the date we give our written approval. Time is of the essence in opening the Business. Failure to open the Business and commence business in accordance with this section, is a material default of this Agreement. In the event the failure to open continues for more than thirty (30) days, if operating from your personal residence, or more than sixty (60) days if operating from a location other than your personal residence, we have the right, but not the obligation to terminate this Agreement and all of your rights thereunder and retain all monies paid to us by you, as well as any and all other rights and remedies, whether provided by this Agreement or by law.

## **Article 5      Training and Assistance**

§5.1. Initial Training. Prior to opening the Business, you (or your Operating Principal) and any key employees you designate to assist in supervising the day-to-day operations of the Business (collectively, “Required Trainees”) must personally attend and satisfactorily complete our initial training program (“Initial Training”). We will provide Initial Training as soon as practicable after the execution and delivery of this Agreement at our offices, online, or at any other location that we designate, including on-site at your location. Currently, Initial Training includes (i) 56 hours of Classroom Training and (ii) 14 hours of “On the Job Training.” We reserve the right to modify the length and location of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that you or your representatives have sufficient prior experience or training or have previously been trained at one of our Business. Each subsequent Operating Principal must attend our Initial Training unless we otherwise agree in writing, but we may permit them to attend Initial Training remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

(a) Cost. We will provide instructors, facilities, and materials for up to two representatives at no cost, provided that all of your trainees are trained during the same training session. You are solely responsible for any costs of travel, expenses, and wages associated with attendance at Initial Training. If space is available, you may bring more than two representatives to Initial Training. We reserve the right to charge a training fee of \$500 per trainee, which we may increase upon sixty days’ written notice to you, for (i) each person in excess of three trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent Operating Principal or employee who attends the course. As used in this Agreement, “Training Fee” means any fee imposed in accordance with this Article.

(b) Completion of Initial Training. If you or your representatives are unable to successfully complete, in our sole discretion, Initial Training for any reason, you or your representatives must repeat Initial Training, or you must send replacement representatives to complete Initial Training. You or your representatives must successfully complete Initial Training at least ten days before the Opening Deadline. If you and your representatives satisfactorily complete our Initial Training and you do not expressly inform us at the end of Initial Training that you feel that you or they have not been adequately trained, then you and they will be deemed to have been trained sufficiently to operate a Business.

§5.2. Opening Advice. Prior to opening your Business, we will work with you to create a pre-opening marketing plan for the Business. We may provide additional pre-opening assistance as we deem appropriate in our sole discretion.

§5.3. Additional Training. We may periodically offer additional training programs to you, your Key Manager, and designated representative covering such subjects as new procedures, marketing, bookkeeping, accounting and general operating procedures and the establishment, development, and improvement of computer systems. Attendance by you or your Key Manager or designated representative may be mandatory or optional, in our discretion. We may charge a reasonable fee, which is currently \$1,200 plus each trainer’s expenses (the “Additional Training Fee”). All expenses that you and your personnel incur while attending or obtaining all training will be borne entirely by you. We may require you or your representatives to participate in refresher or advanced training in each year of the Term.

§5.4. Remedial Training. If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manual, we may, in addition to all of our other rights and remedies, assign trainers to the Business to retrain Business employees and restore service levels or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate and charge the Additional Training Fee. We may increase the amount to be charged for each trainer upon sixty days’ prior written notice.

§5.5. Training by You. You or your Operating Principal are responsible for training all of your other employees in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters and pay us any related Additional Training Fees.

§5.6. Travel and Living Expenses. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your trainees. You are responsible for reimbursing us for any travel and living expenses incurred by our employees or agents related to providing any additional training, remedial training, or consulting services at your Business.

## **Article 6 Business Operation and System Standards**

### **§6.1. Manual.**

(a) Compliance with the Manual. We will furnish you with electronic access to our Manual, on loan for as long as this Agreement or a successor franchise agreement remains in effect. We reserve the right to furnish all or part of the Manual to you in electronic form and to establish terms of use for access to any restricted portion of our website. You must comply with and abide by each required System Standard contained in the Manual, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted System Standards that we may issue periodically. We will maintain the Manual and the System and brand Standards. You acknowledge that we may amend, modify, or supplement the Manual at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised mandatory System Standards within 30 days after we transmit the updates, unless otherwise specified.

(b) Use of the Manual. You agree to keep your copy of the Manual current. If there is any dispute as to the current contents of the Manual, the terms of the master copy maintained at our headquarters will control. You acknowledge that we own the copyright in the Manual and that your copy of the Manual remains our property and will be returned to us immediately upon expiration or termination of this Agreement. You will treat the Manual, and the information contained therein, as confidential and will maintain the confidentiality of such information. You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manual, in whole or in part, or otherwise make their contents available to any unauthorized person.

### **§6.2. Management and Personnel.**

(a) Business Management. Unless otherwise specified in the Manual, at all times that your Business is open for business, it must be under the personal, on-premises supervision of either you, your Operating Principal, or a trained manager (the “Key Manager”). You may not permit your Business to be operated, managed, directed, or controlled by any other person or entity without our prior written consent. If at any time during the Term no Owner, Operating Principal, or employee who has completed our Initial Training to our satisfaction is able to operate the Business, we may elect to do so on your behalf. You will pay us all costs and expenses we incur while operating your Business plus the Management Fee.

(b) Employment Decisions and Policies. You are solely responsible for all labor and employment-related matters and decisions related to your Business, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees. You must ensure that your employees are qualified to perform their duties in accordance with our System Standards and successfully pass a background check. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Business.

§6.3. Operation of the Business. If we permit you to operate the Business at location other than your personal residence, you will not use the Site for any purpose other than the operation of the Business in compliance with the System and the Manual. You will not lease, sublease, or assign the Site Lease for all or any portion of the Site, without our prior written consent.

(a) Operating Hours. You must keep the Business open for business to the public at least during the hours we prescribe from time to time in the Manual or otherwise approve, unless prohibited by applicable law or by the Site Lease (if any) for the Business premises.

(b) Notice of Independent Contractor. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Business under license from us, and you must display in a conspicuous location in or upon the Business, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the QM Staffing Group trademark, which is owned by "The Quality Staffing Group, LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

§6.4. Minimum Performance Requirements. During the Term, you must meet the following minimum performance levels (the "Minimum Performance Levels"):

(a) during the first year of operating the Business, you must achieve minimum annual Gross Revenue of \$250,000 per unit;

(b) in the second year and onward of operating the Business, you must achieve minimum annual Gross Revenue of \$500,000 per unit;

If you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing, and you must diligently implement the business plan during the next calendar year. If you fail to meet the Minimum Performance Levels for two consecutive years, such failure shall be an Event of Default.

§6.5. Pricing. We may provide you with recommended or mandatory prices for products and services. Otherwise, you are solely responsible for determining the prices that you will charge your customers. You must provide us with your current price list upon our request.

§6.6. Products, Supplies, Operating Assets, and Services.

(a) Purchases. We have the right to require that products, supplies, equipment, goods, and services that you purchase for resale or purchase or lease for use in your Business ("Operating Assets"): (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manual.

(b) Products and Services You May Offer. You may offer in the Business only the products, services, and classes that we have approved in writing. In addition, you must offer the specific products, services, and classes that we require in the Manual or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products, services, or classes that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manual (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

(c) Revenue from Purchases. You acknowledge and agree that we and our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Revenue.

(d) Approval Process. If you would like to offer products, services, or use any Operating Assets or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our then current headquarters, to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within ninety days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Business may differ from those that we permit or require to be offered in other Businesses.

(e) Revocation of Approval. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to thirty days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the thirty day period, or such shorter period that we may designate, you must dispose of your remaining such inventory as we direct.

§6.7. Distribution. You may not make any sales of products or services outside of the Business, provide services outside of the Business, or use vendor relationships that you establish through your association with us or the QM Staffing Group brand for any other purpose besides the operation of the Business, unless we consent in writing. You agree to purchase products solely for resale to customers, and not for resale or redistribution to any other party, including other QM Staffing Group franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing.



§6.8. Participation in System-wide Programs, Conferences, and Councils.

(a) Promotional Programs. You must participate in all in-Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manual or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons unless approved or offered by us or our affiliates.

(b) Franchisee Advisory Council. We may establish an advisory council of franchisees (“Franchisee Advisory Council”) using a form and process set forth in the Manual to advise us on various issues and strategies. If an Advisory Council is formed, it will act solely in an advisory capacity, will not have decision making authority, and will be comprised of our representatives and QM Staffing Group Franchisees who may be chosen by us or elected by other QM Staffing Group Franchisees. All QM Staffing Group Franchisees who serve on an Advisory Council must pay their own transportation costs, food, lodging and similar expenses to attend Advisory Council meetings. We will have the right to form, change, merge or dissolve any Advisory Council at any time, in our discretion. We have not formed an advisory council comprised of franchisee members, but we may do so in the future. If we form such an advisory council, franchisee members will be appointed by us for a one-year term and may only be removed for a failure to attend two consecutive meetings or a total of four meetings prior to the expiration of their term.

(c) Franchisee Meetings. If we hold a meeting or convention of QM Staffing Group franchisees, whether annual or at any time period we designate, you are required to attend and pay a fee of up to \$1,500 per person. All costs associated with any meeting or convention including meals and lodging will be borne entirely by you.

§6.9. Business Management and Technology System.

(a) Acquisition and Updates. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manual necessary to operate our point-of-sale system, our billing system, and other technology systems that we designate (collectively, the “Business Management and Technology System”). You must use the Business Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) generate sales reports and analysis relating to the Business, and (v) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Business Management and Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements.

(b) Use of the Business Management and Technology System. You agree: (i) that your Business Management and Technology System will be dedicated to uses relating to the operation of the Business; (ii) to use the Business Management and Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manual; (iv) to do all things necessary to give us unrestricted access to the Business Management and Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (v) to maintain the Business Management and Technology System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Business Management and Technology System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Business Management and Technology System. You also must comply with all laws and payment card provider standards relating to the security of the Business Management and Technology System, including, without limitation, the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Business Management and Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect.

§6.10. Compliance with Laws and Good Business Practices. You must comply with all applicable laws. You will obtain and maintain in good standing any and all licenses, permits, and consents necessary for you to lawfully operate the Business. You have sole responsibility for such compliance despite any information or advice that we may provide. In all dealings with customers, prospective customers, suppliers, us, and the public, you must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Businesses.

§6.11. Notice of Proceedings. You will notify us in writing within five days after the commencement of any action, suit, or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of the Business, including without limitation any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed.

§6.12. Insurance. During the Term, you must maintain in force at your sole expense insurance coverage for the Business in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in the Manual for all similarly situated Businesses. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an “occurrence” basis, except for the employment practices liability insurance coverage, which is on a “claims made” basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All general liability and workers’ compensation coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least sixty days’ notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for thirty days’ prior written notice to us of a policy’s material modification or cancellation. You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service.

§6.13. Taxes. You will pay when due all taxes, assessments, and governmental charges upon or against you or your real or personal properties, income, and revenue; provided that no such tax, assessment, or governmental charge need be paid so long as the validity, applicability, or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained to pay the disputed amount, if necessary.

## **Article 7      Marketing**

§7.1. Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available for purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

§7.2. Brand Fund. We have established a Brand Fund for the common benefit of System franchisees. You must contribute 1% of your weekly Gross Revenue to the Brand Fund (the “Brand Fund Contribution”). Your Brand Fund Contribution must be paid by electronic funds transfer on Tuesday (or the next business day if any Tuesday falls on a federally recognized holiday.) of each week on Gross Revenue for the preceding week as provided in Article 5 of this Agreement. We reserve the right to increase your Brand Fund Contribution to up to 3% of Gross Revenue upon 30 days’ notice to you. We have the right to use Brand Fund Contribution, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund Contribution to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising. We are not obligated to expend monies from the Brand Fund Contribution in any particular franchisee’s market in proportion to the payments to the Brand Fund Contribution made by the franchisee in that market. We do not represent that we will spend any particular amount of Brand Funds locally, regionally, or nationally.

§7.3. Handling of Contributions. All payments to the Fund may be deposited in our general operating account; may be segregated on a solely administrative basis while being commingled with our funds; and may be deemed our asset, subject to our obligation to use the funds in the Fund and in accordance with the terms of this Agreement. We will furnish you with Fund financial statements certified to be correct by one of our officers annually on request within 120 days of the end of the fiscal year. We may, in our sole discretion, elect to accumulate monies in the Program for such periods of time as we deem necessary or appropriate, with no obligation to expend monies received in any fiscal year during such fiscal year. We intend and you acknowledge that the Fund is not a trust.

§7.4. Initial Marketing. In connection with the opening of the Business, you must pay up to \$3,000 on your initial marketing plan, which may include but is not limited to pre-launch digital ads, social media posts, PR announcements, and an e-mail campaign. The timeframe for your grand opening marketing plan is three weeks before the scheduled opening of your Business and no later than four weeks after opening. Your initial marketing plan must be approved by us before implementation and we have the right to modify your initial marketing plan, in our sole discretion. You must provide us with supporting documentation evidencing these expenditures upon request. No amount paid by you for your initial marketing will be credited toward the Brand Fund Contribution or local marketing activities.

§7.5. Local Marketing.

(a) Monthly Expenditure. You must spend 1% of monthly Gross Revenue on local advertising consistent with the advertising policies set forth in the Manuals. We may, in our sole discretion, require you to pay us for the local marketing activities or otherwise direct its use.

(b) Approval of Advertising Materials. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manual. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within fourteen days of the date we received the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

§7.6. Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or approve for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Businesses (“Advertising Cooperatives”) and to abide by the bylaws, rules, and regulations duly required by the Advertising Cooperative, which we have the right to mandate or approve. If you join an Advertising Cooperative, the Advertising Cooperative may require you to spend additional funds on marketing programs conducted by the Advertising Cooperative, which may be in addition to your Brand Fund Contribution. Amounts you contribute to any Advertising Cooperative will be credited against your Local Advertising Expenditure. We shall have the right to approve any marketing materials or marketing programs developed by any Advertising Cooperative in the manner specified in this Agreement or the System Standards.

§7.7. Digital Marketing.

(a) Restrictions. We or our affiliates may, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Marks, your Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Business. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Business or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

(b) System Website. As part of our Digital Marketing, we or one of our designees will operate and maintain a System Website, which may include basic information related to each Business and the ability for customers to purchase services from your Business. You must promptly provide us with any information that we request regarding your Business for inclusion on the System Website.

## **Article 8      Records, Reports, Audits, and Inspections**

§8.1. Bookkeeping and Records. You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles. You must preserve all of your books and records in hard copy or in a format from which hard copies can be readily generated for at least five years from the date of preparation or such longer period as may be required by law. You must maintain such information and records on the Business Management and Technology System as we may require from time to time in the Manual and you acknowledge and agree that we will have access to that data remotely via a network connection that we will specify. At our request, you must retain and use, at your expense, the services of an accountant or accounting firm that we approve.

§8.2. Reports and Financial Statements. You agree to submit financial and operational reports and records to us at the times and in the manner specified in the Manual. Upon our written request, by April 15 of each year, you must submit your balance sheet and income statement for the previous calendar year. With respect to your year-end income statement and balance sheet, you or the Operating Principal must certify that the income statement and balance sheet are correct and complete and that they have been prepared in accordance with generally accepted accounting principles. We have the right to demand audited financial statements if an Event of Default has occurred within the last calendar year. In addition, you must provide us within 15 days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports, and other information that we periodically require relating to the Business or you.

§8.3. Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. We may from time to time require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing our prospective franchisees with information concerning actual or potential earnings or to comply with applicable law. You will provide such information promptly upon our request, and will certify that such information is true and complete in all material respects.

§8.4. Inspection. We have the right, through our employees and any agents we designate, at any time during business hours and without prior notice to you to: (i) inspect the Site and Business for compliance with the Manual, (ii) videotape, photograph or otherwise record the operation of the Business, (iii) interview your employees, landlord, and customers, (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Business, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Business. We may require you to install and maintain, at your expense, a video surveillance system that we designate which we may access remotely through a connection that we specify to ensure compliance with our standards and the Manual. Our right to inspect your business records includes records maintained electronically or off-site. You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, not to exceed thirty days, we have the right to correct such deficiencies and charge you a reasonable fee plus our costs and expenses incurred in such inspection. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the wages and cost of travel and living expenses for our representatives.

§8.5. Auditing. Without limiting the foregoing, we may audit or cause to be audited any statement you are required to submit to us and we may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by you in connection with the Business. If any such audit or review discloses an understatement of the Gross Revenue for any period or periods, you will pay to us, within ten days after demand for payment is made, all additional Royalty Fees, Brand Fund Contributions, or other amounts required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is two percent or more of the Gross Revenue for such period or periods, you will reimburse us for the cost of such audit or review, including without limitation the charges of any independent accountant and any related attorneys' fees and the cost of travel and living expenses and wages for such accountants, employees, or other agents. You will pay to us, on demand, interest at the rate of 18% per annum or the maximum rate allowed by law, whichever is less, interest calculated from the date when the fees should have been paid to the date of actual payment. These remedies are in addition to and cumulative with our other remedies and rights under this Agreement and at law or equity.

## **Article 9 Intellectual Property**

### **§9.1. Marks and Trade Dress**

(a) Acknowledgements. You acknowledge that we or our affiliates are the owner of the Marks and the Trade Dress, that you have no interest in the Marks and the Trade Dress beyond the nonexclusive License granted herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

(b) Rights. Your right to use the Marks and the Trade Dress applies only to the Business operated at the Site as expressly provided in this Agreement, including advertising related to the Business. You may only use in your Business the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You may not use any material bearing the Marks or the Trade Dress without our prior written approval, which may be revoked at any time on reasonable notice to you. You must display the Marks in a manner that we specify on signage at the Business and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate.

§9.2. Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or QM Staffing Group concept, including, but not limited to, the Manual and marketing materials, (collectively, the "Copyrights") belong solely and exclusively to us. You have no interest in the Copyrights beyond the non-exclusive License granted in this Agreement.

§9.3. No Contesting Our Rights. During and after the Term, you agree not to directly or indirectly contest our ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the "Intellectual Property"), or contest our sole right to register, use, or license others to use the Intellectual Property.

§9.4. Changes to the Intellectual Property. We have the right, on reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

§9.5. Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

§9.6. Post-Termination or Expiration. Your License to use the Marks will terminate and any right you have to use the Intellectual Property will revert to us without cost and without the execution or delivery of any document on expiration or termination of this Agreement. You will execute all documents that we require to confirm such reversion on our request.

§9.7. Innovations. All ideas, concepts, techniques, or materials relating to a Business or the System (collectively, "Innovations"), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Business or otherwise without our prior approval.

## **Article 10      Proprietary Information**

§10.1. Receipt of Proprietary Information. You acknowledge that prior to and during the Term, we may disclose to you, orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Business (collectively, "Proprietary Information"), including (i) site selection criteria and methodologies; (ii) methods, formats, systems, System Standards, sales and marketing techniques, knowledge and experience used in developing and operating Businesses, including information in the Manual; (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Businesses; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Businesses use and/or sell; (v) knowledge of the operating results and financial performance of other Businesses; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; and (vii) any other information we reasonably designate from time to time as confidential or proprietary. "Proprietary Information" does not include (i) information that is part of the public domain or becomes part of the public domain other than by the wrongful conduct of you or a third party, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

§10.2. Nondisclosure of Proprietary Information. We and our affiliates own all right, title, and interest in and to the Proprietary Information. You will not, nor will you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manual) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Business. You acknowledge that your use of the Proprietary Information in any other business would constitute an unfair method of competition with us and our franchisees. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any employee or other person to whom you disclose Proprietary Information. You will take reasonable precautions to protect the Proprietary

Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that we require. At our request, you will require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

### §10.3. Customer Information.

(a) Protection of Customer Information. You must comply with our System Standards, other directions from us, and all applicable laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Information on your Business Management and Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Information. “Customer Information” means names, contact information, financial information and other personal information of or relating to the Business’s customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take as a result of a breach of security or unauthorized access to Customer Information in your control or possession.

(b) Use of Customer Information. You have the right to use Customer Information while this Agreement or a successor franchise agreement is in effect, but only to market QM Staffing Group products and services to customers in accordance with the policies that we establish periodically and applicable law. You may not sell, transfer, or use Customer Information for any purpose other than marketing QM Staffing Group products and services.

## **Article 11 Indemnification**

§11.1. Indemnification By You. You agree to indemnify, defend (at our election), and hold us and our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors, and assignees (the “Indemnified Parties”) harmless from and against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (i) the Business’s operation; (ii) the business you conduct under this Agreement; (iii) your performance or breach of this Agreement; or (iv) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Business’s construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. “Losses” means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable costs or expenses that an Indemnified Party incurs, including accountants’, arbitrators’, mediators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

§11.2. Indemnification Procedure. You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described above (collectively, “Proceedings”), including those alleging the Indemnified Party’s negligence, gross negligence, willful misconduct or wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an



Indemnified Party may recover from you under this Section. Your obligations in this Section will survive the expiration or termination of this Agreement.

§11.3. Willful Misconduct or Gross Negligence. Notwithstanding anything herein to the contrary, you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding hereunder) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment) or our failure to compel you to comply with this Agreement. However, nothing in this section limits your obligation to defend us and the other Indemnified Parties.

## **Article 12      Covenant Not to Compete**

§12.1. During Term. You acknowledge that you will receive valuable, specialized training and confidential information regarding the operational, sales, promotional, and marketing methods of QM Staffing Group concept. During the Term, you and your Owners will not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any business that offers staffing and employment services, or other services of the kind offered by the Business or QM Staffing Group system, or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a "Competing Business") at any location in the United States;

(b) divert or attempt to divert any business or customer or potential business or customer of the Business to any Competing Business, by direct or indirect inducement or otherwise;

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Business; or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past twelve months has been employed by us, or our affiliates, or by any of our franchisees.

§12.2. After Termination, Expiration, or Transfer. For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners may not, without our prior written consent, (i) directly or indirectly own, manage, engage in, be employed in a managerial position by, advise, make loans to, or have any other interest in any Competing Business that is (or is intended to be) located within a fifty-mile radius of your former Business or any other Business that is operating or under development at the time of such expiration, termination, or Transfer, or (ii) solicit for employment any person who at any time within the immediate past twelve months has been employed by us, or our affiliates, or by any of our franchisees. With respect to the Owners, the time period in this Section will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

§12.3. Publicly Traded Corporations. Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Article.

§12.4. Covenants of Owners and Employees. The Owners personally bind themselves to this Section by signing this Agreement or the attached Guarantee. We may, in our sole discretion, require you to obtain from your officers, directors, managers, Owners' spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants similar in substance to those contained in this Section as we prescribe in the Manual and otherwise. The agreements must be in a form acceptable to us and grant us an independent right to enforce their terms.

§12.5. Enforcement of Covenants. You acknowledge and agree that (i) the time, territory, and scope of the covenants provided in this Section are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is determined to be unenforceable by virtue of its scope or in terms of area or length of time but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible provided such determination is made by a court of competent jurisdiction in a final, unappealable ruling. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. You acknowledge that any breach or threatened breach of this Section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to and cumulative with any other remedies that we may have.

### **Article 13      Transfer and Assignment**

§13.1. Transfer by Us. We may assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person or Entity that we choose in our sole discretion. Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations.

§13.2. Definition of Transfer. For purposes of this Agreement, "Transfer" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Business, substantially all the assets of the Business, or in the ownership of the franchisee (if you are an Entity). "Transfer" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A "Control Transfer" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Business or all or substantially all of the Business's assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a "Controlling Ownership Interest" in you mean either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and policies of you or the Business to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

§13.3. No Transfer Without Our Consent. This Agreement and the License are personal to you, and we have granted the License in reliance on your (and, if you are an Entity, your Owners') business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in this Agreement. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. Any purported Transfer without our prior written consent will be void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure. We have sole and absolute discretion to withhold our consent, except as otherwise provided in this Agreement. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least sixty days after we receive written notice of the proposed Transfer. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement. If your Business is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so.

§13.4. Control Transfer. The conditions of this Section will apply to any proposed Control Transfer.

(a) You or your transferee must pay to us the Transfer Fee. You must make such payment by wire transfer from the proceeds of the sale at the closing if we so request.

(b) You must satisfy all of your accrued monetary obligations to us and must be in compliance with all obligations to us under this Agreement and any other agreement that you have with us and our affiliates as of the date of the request for our approval of the Transfer or you must make arrangements satisfactorily to us to come into compliance by the date of the Transfer.

(c) You and your Owners must execute a general release, in a form that we prescribe, in favor of us, our affiliates, and our and their affiliates' past, present, and future officers, directors, managers, members, equity holders, agents, and employees, releasing them from all claims, including claims arising under federal, state, and local laws, rules, and regulations.

(d) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Business arising before the effective date of the Transfer and execute any and all instruments that we reasonably request to evidence such liability.

(e) You and your Owners must continue to be bound by the provisions of those Sections of this Agreement which, by their terms or nature, would survive the expiration or termination of this Agreement if either occurred on the date of the Transfer.

(f) You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the Site Lease to your transferee.

(g) Your proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a QM Staffing Group franchisee, including not having any involvement with a Competing Business, or if he or she is already a QM Staffing Group franchisee, he or she must not be in default under any of their agreements with us and must have a good record of customer service and compliance with our System Standards.

(h) Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense.

(i) Your proposed transferee (and any owner of a beneficial or legal interest therein) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee.

(j) Your proposed transferee (and any owner of a beneficial or legal interest therein) must execute, for a term ending on the last day of the Term and with such Renewal Term as is provided by this Agreement, our then-current franchise agreement for new franchisees and such other agreements as we may require, which agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may differ significantly from the terms of this Agreement. The prospective transferee will not be required to pay any initial Franchise Fee.

(k) Your proposed transferee must make arrangements to modernize, renovate, or upgrade the Business to conform to our then-current System Standards for new Businesses at transferee's own expense.

(l) Your proposed transferee must covenant that it will continue to operate the Business under the Marks and using the System.

(m) We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Business, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Business are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement.

§13.5. Non-Control Transfers. For any Transfer that does not result in a Control Transfer, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We will have the right to require you to pay a Transfer Fee as defined in Section 3.9 above. We will have a reasonable time (not less than thirty days) after we have received all requested information to evaluate the proposed Transfer. You and your transferee must satisfy the conditions we specify in this Agreement or elsewhere. You and your Owners must sign the form of agreement and related documents that we specify to reflect your new ownership structure. We may withhold our consent on any reasonable grounds or make our consent subject to your satisfaction of reasonable conditions.

§13.6. Transfer To an Entity. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating QM Staffing Group Businesses; (ii) you satisfy the conditions in this Section we specify; (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Attachment A; and (iv) you pay a Transfer Fee that is equal to \$10,000 or \$7,500 for existing franchisees plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur.

§13.7. Permitted Transfers. The other provisions in this Section do not apply, including our right of first refusal and right of approval, to the following Transfers:

(a) Security Interests. You may grant a security interest in the Site (if you own the Site), the Business, any Operating Assets, this Agreement, or any direct or indirect legal or beneficial interest in you to a financial institution or other party that provided or provides any financing for your acquisition, development, or operation of the Business, but only if that party signs our then current form of lender consent to protect our rights under this Agreement. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section.

(b) Transfer to a Trust. Any Owner who is an individual may Transfer his or her ownership interest in you (or any of your Owners that is an Entity) to a trust that he or she establishes for estate planning purposes, as long as he or she is a trustee of the trust and otherwise controls the exercise of the rights in you (or your Owner) held by the trust and you notify us in writing of the Transfer at least ten days before its anticipated effective date. Dissolution of or transfers from any trust described in this paragraph are subject to all applicable terms and conditions of this Section.

§13.8. Death or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing for consent to Transfer the person's interest no more than three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition). The Transfer will be subject to the provisions of this Section, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated person is you or the Operating Principal, we will have the right (but not the obligation) to take over operation of the Business until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty or more consecutive days or (ii) for sixty or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of this Section, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this paragraph within 120 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement.

§13.9. Right of First Refusal.

(a) Our Right. We have the right, exercisable within thirty days of receiving notice of your intent to Transfer and such documentation and information that we require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third party or, at our option, the cash equivalent thereof. If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights. We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Business or your business prior to the closing of our purchase. Closing on our purchase must occur within ninety days of the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another Entity or person either before or after we exercise it. However, our right of first refusal will not apply to Permitted Transfers, transfers on death or incapacity, or transfers to your spouse or child.

(b) Declining Our Right. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in this Agreement. The Transfer must close within ninety days of our election (or such longer period as applicable law requires); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the party's initial offer. The Transfer is conditional on our determination that the Transfer was on terms substantially the same as those offered to us.

§13.10. **Commissions and Fees.** You agree to pay us all brokerage commissions, finder's fees, and similar charges we incur in connection with the transfer of your franchise.

## **Article 14 Termination and Default**

§14.1. **Events of Default.** The occurrence of any of the events in this Section will constitute an "Event of Default" under this Agreement.

### (a) Curable Defaults:

(i) You fail to pay any financial obligation pursuant to this Agreement (a) within five days of the date on which we give notice of such delinquency, (b) immediately on written notice if a payment has not been made within sixty days after the date on which it is required to be paid, or (c) immediately on written notice if you are determined to have under-reported your Gross Sales during any month by two percent or more of the actual Gross Sales during such month on two or more occasions during the Term of this Agreement, whether or not you subsequently rectify the deficiency.

(ii) You fail, for a period of fifteen days after notification of non-compliance by an appropriate authority, to comply with any law or regulation applicable to the operation of the Business.

(iii) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification herein or fail to operate the Business as specified in the Manual, fail to pay promptly any undisputed invoices from us, our affiliates, or your suppliers, and fail to cure such non-compliance or deficiency within thirty days (or such longer term as granted by us) after your receipt of written notice.

(iv) You fail to achieve the Minimum Performance Levels set forth in this Agreement or as amended by the Manual or another writing in accordance with this Agreement.

(v) You abandon or cease to operate all or any part of the Business conducted under this Agreement for seventy-two hours or longer or default under any mortgage, deed of trust or lease with us or any third party covering the Business or the Site, fail to cure such abandonment or default and we or such third party treat such act or omission as a default, and you fail to cure the default to the satisfaction of us or such third party within any applicable cure period granted you by us or such third party.

### (b) Non-Curable Defaults

(i) You become insolvent or make a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if you file a petition in bankruptcy or one is filed against and consented to by you or not dismissed within thirty days, or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your Business or assets is filed and consented to by you or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed.

(ii) A final judgment in excess of five thousand dollars against you relating to the Business remains unsatisfied or of record for sixty days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction).

(iii) You fail to commence operation of the Business as required by this Agreement.

(iv) You make, or have made, any materially false statement or report in connection with this Agreement or application therefore.

(v) Any transfer and assignment provision contained in Article 13 of this Agreement is violated.

(vi) You receive from three or more notices to cure the same or similar defaults or violations of this Agreement during any twelve-month period.

(vii) You or your Operating Principal fail to complete to Franchisor's reasonable satisfaction any of our required Initial Training.

(viii) You or any of your Owners violate any covenant of confidentiality or non-disclosure contained in this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any manual, material, good, or information created or used by us and designated for confidential use in the System.

(ix) You or any person controlling, controlled by or under common control with you, or any principal officer or employee of you or any such person, owning an interest in the Business is convicted of a felony, or any other crime or offense that is reasonably likely, in our sole subjective opinion, to affect adversely the System, the Marks, or the goodwill associated therewith.

(x) You or any guarantor(s) default on any other agreement with us or any of our affiliates, and such default is not cured in accordance with the terms of such other agreement.

(xi) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification in this Agreement related to the Marks, including misuse of the Marks.

#### §14.2. Our Remedies on Default.

(a) Right to Terminate. If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, terminate this Agreement and any and all other rights granted under it with immediate effect. You will not be relieved of any of your obligations, debts, or liabilities under this Agreement by such termination.

(b) Other Remedies. If an Event of Default occurs, we may, at our sole election and on delivery of written notice to you, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Territory, in which event any restrictions on us and our affiliates will not apply in the geographic area that was removed from the Territory;

(ii) temporarily remove information concerning the Business from the System Website or stop your or the Business's participation in any other programs or benefits offered on or through the System Website;

(iii) suspend your right to participate in one or more programs or benefits that the Brand Fund provides;

(iv) suspend any other services that we or our affiliate provides to you under this Agreement or any other agreement, including any services relating to the Business Management and Technology System;

(v) suspend or terminate any temporary or permanent fee reductions to which we might have agreed whether as a policy, in an amendment to this Agreement, or otherwise;

(vi) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements;

(vii) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us on demand for all costs and expenses that we reasonably incur in performing any such obligation or duty; or

(viii) enter the Business's premises (if operating from a location other than your personal residence) and assume the management of the Business ourselves or appoint a third party (who may be our affiliate) to manage the Business. All funds from the operation of the Business while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Business will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to five percent of the Business's Gross Revenue during the period of management ("Management Fee"), plus any direct out-of-pocket costs and expenses. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Business incurs, or to any of your creditors for any products or services the Business purchases, while managing it. You shall not take or fail to take any action the commission or non-commission of which would interfere with our or our appointee's exclusive right to manage the Business and may, in our sole discretion, be prohibited from visiting the Business so as to not interfere with its operations. Our (or our appointee's) management of the Business will continue for intervals lasting up to ninety days each (and, in any event, for no more than a total of one year), and we will during each interval periodically evaluate whether you are capable of resuming operation of the Business and periodically discuss the Business's status with you.

(c) Exercise of Other Remedies. Our exercise of our rights to assume management of your Business or appoint an agent to do the same will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement following our exercise of any of these rights. If we exercise any such right, we may thereafter terminate this Agreement without providing you any additional corrective or cure period.

§14.3. Termination By You. You may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within sixty days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this sixty day period but provide you with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall be the amount of time reasonably required to effect a cure. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this paragraph (including by taking steps to de-identify the Business or otherwise cease operations under this Agreement) will constitute an Event of Default by you.

## **Article 15      Your Obligations Upon Expiration or Termination**

§15.1. Covenant. In addition to any other provision of this Agreement which by its terms or nature is intended to survive the expiration or termination of this Agreement, you agree to comply with the terms of this Article on expiration or termination of the Agreement for any reason.

§15.2. Payment of Costs and Amounts Due. You will pay all sums owed to us and our affiliates. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of us against the Business premises and any and all of the personal property, fixtures, equipment, and inventory that you own at the time of the occurrence of the Event of Default separate and additional to any other lien or interest we may have under this Agreement. We are hereby authorized at any time after the Effective Date to make any filings and to execute such documents on your behalf reasonably related to perfecting the lien created hereby. You also will pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Agreement.



§15.3. Discontinue Use of the System and the Intellectual Property. You must immediately cease using, in advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

§15.4. Return of Proprietary Information. You must immediately return to us, at your expense, all copies of the Manual, all of your Customer Information that you are permitted by law to transfer to us, and all other Proprietary Information (and all copies thereof). You may not use any Proprietary Information or sell, trade, or otherwise profit in any way from any Proprietary Information at any time following the expiration or termination of this Agreement.

§15.5. Cease Identification with Us. You must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Business or the Marks (collectively, “Identifiers”). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this paragraph, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer.

§15.6. Our Right to Purchase Business Assets.

(a) Exercise of Option. Upon termination of this Agreement for any reason or expiration of this Agreement without a fully executed successor franchise agreement, we may, by written notice within fifteen days of the date of termination or expiration (the “Exercise Notice”), purchase the Operating Assets, and other assets used in the operation of the Business that we designate (the “Purchased Assets”). We have the unrestricted right to exclude any assets we specify relating to the Business from the Purchased Assets and not acquire them. You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Business and its assets, to determine whether to exercise our option under this paragraph. If you or one of your affiliates owns the Site, we may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at our option, lease the Site from you or that affiliate for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms. You (and your Owners) agree to cause your affiliate to comply with these requirements. If you lease the Site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

(b) Operations Pending Purchase. While we are deciding whether to exercise our option under this Section, and, if we do exercise that option, during the period beginning with our delivery of the Exercise Notice and continuing through the closing of our purchase or our decision not to complete the purchase, you must continue to operate the Business in accordance with or on the same terms as this Agreement. However, we may, at any time during that period, assume the management of the Business ourselves or appoint a third party (who may be our affiliate) to manage the Business.

(c) Purchase Price. The purchase price for the Purchased Assets will be their fair market value for use in the operation of a Competing Business (but not a QM Staffing Group business). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Proprietary Information or our other intellectual property rights, or participation in the network of Businesses. For purposes of determining the fair market value of all equipment (including the Business Management and Technology System) used in operating the Business, the equipment's useful life shall be determined to be no more than three years. If we and you cannot agree on fair market value for the Purchased Assets, we will select an independent appraiser after consultation with you, and his or her determination of fair market value will be the final and binding purchase price.

(d) Closing. We will pay the purchase price at the closing, which will take place no more than sixty days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. We are entitled to all customary representations, warranties and indemnities in our asset purchase, including representations and warranties as to ownership and condition of and title to, assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events and conditions that existed or occurred in connection with the Business or your business prior to the closing of our purchase. At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Business's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us, and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

§15.7. De-identification of the Site. If we do not exercise our option to acquire the Site Lease or the Site, you will make such modifications or alterations to the Site immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the appearance of the Site from a QM Staffing Group business, including, but not limited to, removing the signs, the Marks, and any Trade Dress that could indicate to the public an association with QM Staffing Group brand. If you do not comply with the requirements of this Section, we may enter the Business without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. You agree to reimburse us on demand for our expenses in making such changes.

§15.8. Promote Separate Identity. You will not, directly or indirectly, in any manner, identify yourself, or any individual connected with you, as a former QM Staffing Group franchisee or as otherwise having been associated with us, or use in any manner or for any purpose any of the Marks.

§15.9. Surviving Provisions. You and your Owners must comply with the provisions of this Agreement which by their nature or by their terms survive the expiration or termination of this Agreement.

§15.10. Injunctive and Other Relief. You acknowledge that your failure to abide by the provisions of this Section will result in irreparable harm to us, and that our remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provisions of this Section, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

## Article 16      **Dispute Resolution and Governing Law**

§16.1. Mandatory Pre-Litigation Mediation. Except as otherwise provided in this Section, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with this Agreement, a party must submit the dispute for mediation. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association (“AAA”). All parties must attend and participate in the mediation. The mediation shall not last more than one day and shall be held in Lafayette, Louisiana, unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business. If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of this Agreement. The mediation shall be governed by the rules of the AAA. It is the intent of the parties that mediation shall be held not later than fourteen days after a written request for mediation shall have been served on the other parties. The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under this Agreement, the noncompetition covenants, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief provided such equitable relief is deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute.

§16.2. Forum for Litigation. You and the Owners must file any suit against us, and we may file any suit against you, in any federal court located in Lafayette, Louisiana, or a state court located in Lafayette, Louisiana unless we no longer have an office there, in which case, you must file any suit against us, and we may file against you, in federal or state courts located in the metropolitan area of our then-current principal place of business. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

§16.3. Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Louisiana without regard to any principles of conflict of laws.

§16.4. Mutual Waiver of Jury Trial. You and we each irrevocably waive trial by jury in any litigation.

§16.5. Mutual Waiver of Punitive Damages. Each of us waives any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

§16.6. Remedies Not Exclusive. Except as provided in the previous paragraph, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

§16.7. Limitations of Claims. Except for:

(a) claims against you by us concerning the underreporting of Gross Revenue and corresponding underpayment of any fees;

(b) claims against you by us relating to third-party claims or suits brought against us as a result of your operation of the Business;

(c) claims against you by us for injunctive relief to enforce the provisions of this Agreement relating to your use of the Marks;

(d) claims against you by us relating to your financial obligations upon the termination or expiration of the Agreement;

(e) claims against you by us or concerning your obligations with respect to Proprietary Information and your covenant not to compete; and

(f) claims against you by us regarding an assignment of this Agreement or any ownership interest therein, any and all claims arising out of or relating to this agreement or our relationship with you will be barred unless a judicial proceeding is commenced in the proper forum within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim.

§16.8. Our Right to Injunctive Relief. Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of \$1,000.00 or other security in seeking or obtaining injunctive relief whether preliminary or permanent and including specific performance with respect to this Agreement.

§16.9. Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees and other costs of litigation): (i) to enforce the terms of this Agreement or any obligation owed to us by you or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

## **Article 17      Miscellaneous**

§17.1. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Business and supersede all prior discussions, understandings, representations, and agreements concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the "FDD") that we delivered to you or your representatives. This Agreement includes the terms and conditions on Attachment A, which are incorporated into this Agreement by this reference.

§17.2. Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party to this Agreement except that the Manual and any policies that we adopt and implement may be changed by us from time to time at our sole discretion.

§17.3. Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing. No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

§17.4. Importance of Timely Performance. Time is of the essence with respect to all of your obligations under this Agreement.

§17.5. Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words “include,” “including,” and words of similar import shall be interpreted to mean “including, but not limited to” and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

§17.6. Severability. Each provision of this Agreement is severable from the others. If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

§17.7. Applicable State Law Controlling. If the termination, renewal, or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of us and franchisees, the provisions of such statute will apply to this Agreement, but only to the extent of such inconsistency.

§17.8. Survival. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer.

§17.9. Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

§17.10. Independent Contractor Relationship. This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. You are, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Business and its business, including any personal property, Operating Assets, or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Business. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. We have no relationship with your employees and you have no relationship with our employees.

§17.11. Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by facsimile (if the sender receives machine confirmation of successful transmission). Notices to you will be sent to the address set forth on Attachment A. Notices to us must be sent to:

Quality Staffing Group, Inc  
1304 Bertrand Dr., A-1  
Lafayette, LA, 70506

Either party may change its mailing address or facsimile number by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile.

§17.12. Execution. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument.

§17.13. Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

§17.14. No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

§17.15. Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Attachment A. To the extent that any provisions of Attachment A are in direct conflict with the provisions of this Agreement, the provisions of Attachment A shall control.

## **Article 18      Your Representations and Acknowledgments**

§18.1. Covenant. You (on behalf of yourself and your Owners) hereby make the representations, warranties, and acknowledgments contained in this Article.

§18.2. Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

§18.3. Due Authority. This Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

§18.4. Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the “Order”), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

§18.5. Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability. You have been accorded ample time to consult with your own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

§18.6. Timely Receipt and Review of Agreement and Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have also received a FDD required by applicable state and federal law, including a form of this Agreement, at least fourteen calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents. You have no knowledge of any representations made about QM Staffing Group franchise opportunity by us, our affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement. You have read this Agreement and our FDD and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Business, and to protect and preserve the goodwill of the Marks.

§18.7. Financial Performance Representations. Except as may be stated in the FDD, neither we, nor any of our affiliates, nor any of our or our affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any QM Staffing Group business or the anticipated revenues, earnings, or profitability of the business subject to the License or any other business operated by us, our licensees, our franchisees, or our affiliates. In entering into this Agreement, you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD. Any information you have acquired from other QM Staffing Group franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, upon signing below, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

QUALITY STAFFING GROUP, INC

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

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

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

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

FRANCHISEE

(IF ENTITY):

\_\_\_\_\_  
[Name]

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

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

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

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

(IF INDIVIDUAL):

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

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



ATTACHMENT A  
FRANCHISEE-SPECIFIC TERMS

**Effective Date:**

**Franchisee's Name(s):**

**Ownership of Franchise:**

*If the franchisee is a business entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:*

<u>Name</u>	<u>Percentage Ownership</u>
<u>[FRANCHISEE MEMBER 1]</u>	%
<u>[FRANCHISEE MEMBER 2]</u>	%
<u>[FRANCHISEE MEMBER 3]</u>	%

**Operating Principal:**

**Key Manager:**

**Franchise Fee:**

**Franchisee's Address, Phone, and Email:**

**Site Selection Area:**

*[Attach map or list of distinguishing territory features such as list of zip codes]*

Signature Page for Attachment A (Franchisee-Specific Terms)

FRANCHISOR

QUALITY STAFFING GROUP, INC

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

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

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

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

FRANCHISEE

(IF ENTITY):

\_\_\_\_\_  
[Name]

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

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

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

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

(IF INDIVIDUALS):

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

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

*Schedule 1 to Attachment A of the Franchise Agreement  
Franchisee-Specific Terms  
(to be completed after site selection and acceptance)*

1. Site: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

QUALITY STAFFING GROUP, INC agrees that effective on the date specified below,  
(i) the address listed above is hereby accepted by us as the Site pursuant to the Franchise  
Agreement.

QUALITY STAFFING GROUP, INC:

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

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

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

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

Acknowledged and Agreed:  
[Franchisee]

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

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

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

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

ATTACHMENT B  
PERSONAL GUARANTEE OF OWNER/SHAREHOLDER

This Personal Guarantee and Assumption of Obligations (this “Guarantee”) is given this [DD MONTH YYYY], by [INDIVIDUAL OWNER NAME].

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“Franchise Agreement”) by QUALITY STAFFING GROUP, INC (“Franchisor”), a Louisiana corporation, and [FRANCHISEE ENTITY], a [STATE AND FRANCHISEE ENTITY TYPE] (“Franchisee”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the “Franchise Documents”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned’s direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
- the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guarantee, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guarantee shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR

\_\_\_\_\_  
[GUARANTOR NAME]

**DATE:**

ATTACHMENT C

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

**DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Quality Staffing Group, Inc (“we”, “us”), and you are preparing to enter into a franchise agreement for the right to operate a QM Staffing Group franchise (each, a “Business”). The purpose of this questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your 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 and pay us the appropriate franchisee fee.** 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 on the back of this sheet.

- Yes/No \_\_\_\_ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
- Yes/No \_\_\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes/No \_\_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes/No \_\_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes/No \_\_\_\_ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?
- Yes/No \_\_\_\_ 6. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes/No \_\_\_\_ 7. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?
- Yes/No \_\_\_\_ 8. Do you understand all disputes or claims you may have, arising from, or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?

- Yes/No \_\_\_\_ 9. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?
- Yes/No \_\_\_\_ 10. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes/No \_\_\_\_ 11. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Operating Principal(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?
- Yes/No \_\_\_\_ 12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes/No \_\_\_\_ 13. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Area Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes/No \_\_\_\_ 14. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?
- Yes/No \_\_\_\_ 15. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes/No \_\_\_\_ 16. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes/No \_\_\_\_ 17. Is it true that no broker, 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 Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes/No \_\_\_\_ 18. Is it true that no broker, 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/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes/No \_\_\_\_ 19. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in

money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)**

*[Signature page follows]*



**FOR MARYLAND FRANCHISEES:** 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.

**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.**

**FRANCHISEE APPLICANT(S):**

*(add signature lines as necessary)*

**Signature:**

**Name:**

**Title:**

**Date:**

**EXHIBIT F**

**RESERVED**

**EXHIBIT G**

**FORM OF GENERAL RELEASE**

## GENERAL RELEASE OF CLAIMS

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release of Claims (“Release”) is made as of the date signed below, by the individual or entity listed below as franchisee (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of QM Staffing Group (“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 QM Staffing Group business;

**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; and

**WHEREAS**, as a condition to Franchisor’s consent, 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.

**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 Agreement 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 where the Franchised Business is located.

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 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.

*[Signature Page follows]*

**Signature Page to General Release Form**

IN WITNESS WHEREOF, Releasor has executed this Release as of the date signed below.

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**Date:**

**FRANCHISEE'S OWNERS:**

*(add more lines signature lines as necessary)*

**Signature:**

**Name:**

**Date:**

**Signature:**

**Name:**

**Date:**

**EXHIBIT H**

**FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENT**

**[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE.]**



**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**

*[Sample ONLY]*

This Agreement (the “Agreement”) is entered into by the undersigned (“you”) in favor of:

[On the Line Below, Insert Name of Franchisee that Owns and Operates the QM Staffing Group Franchised Business]

\_\_\_\_\_ (hereinafter referred to as “us”, “our” or “we”)

**Recitals and Representations**

**WHEREAS**, we are the owners of a licensed QM Staffing Group business (hereinafter referred to as the “QM Staffing Group Business”) that we independently own and operate as a franchisee;

**WHEREAS**, you are or are about to be an employee, independent contractor, officer and/or director of a QM Staffing Group Business that is independently owned and operated by us;

**WHEREAS**, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

**WHEREAS**, our franchisor, QM Staffing Group is not a party to this agreement and does not own or manage the QM Staffing Group Business but is an intended third-party beneficiary of this Agreement; and

**WHEREAS**, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the QM Staffing Group Business.

**NOW THEREFORE**, you acknowledge and agree as follows:

**1. Recitals and Representations.** You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

**2. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Management System” refers to and means the software and/or internet or cloud-based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the QM Staffing Group Business.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the QM Staffing Group Business.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies,



procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the QM Staffing Group Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the QM Staffing Group Business; (c) customer lists and information related to the QM Staffing Group Business; (d) Business Management System Data; I current and future information contained in the QM Staffing Group Operations Manual made available to the QM Staffing Group Business by QM Staffing Group Inc.; and (e) production and service procedures that are not disclosed to the public but used by the QM Staffing Group Business.

“*Digital Media*” refers to and means any interactive or static electronic document, application or media including, but not limited to, qmstaffing.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snapchat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the QM Staffing Group Business or other QM Staffing Group Businesses.

“*Licensed Marks*” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a QM Staffing Group Business, including, but not limited to, the “QM Staffing Group” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a QM Staffing Group Business.

“*Operations Manual*” refers to and means the confidential operations manual made available to the QM Staffing Group Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one of more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet-based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

“*Trade Dress*” refers to and means the QM Staffing Group designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the QM Staffing Group Business.

**3. Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the QM Staffing Group Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

**4. Protection of the Confidential Information.** You agree that: (i) you will not use the Confidential Information in any business or capacity other than the QM Staffing Group Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

**5. Reasonableness of Covenants and Restrictions.** You agree that: (i) the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor, QM Staffing Group, and other QM Staffing Group franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our franchisor, QM Staffing Group, to injunctive relief. You agree that we and/or our franchisor, QM Staffing Group

Staffing Group, may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed one thousand dollars (\$1,000.00). None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

**7. Miscellaneous.**

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

**YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.**

**YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, QM STAFFING GROUP, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT.**

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the date or dates set forth below.

**RESTRICTED PARTY**

Signature:

Name:

Date:

## EXHIBIT I

### STATE SPECIFIC ADDENDA

The following modifications are made to this Disclosure Document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term “Franchisor’s Choice of Law State” is used, it means the laws of the state of Louisiana, subject to any modifications as set forth in the addenda below. When the term “Supplemental Agreements” is used, it means Area Development Agreement.

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. These State Specific Addenda (“Addenda”) modify the agreements to comply with the state’s laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable 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 the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.

## CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

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

### ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

### ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

2. 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).

3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of Louisiana. This provision may not be enforceable under California law.

4. The Franchise Agreement and the Development Agreement require venue to be limited to Louisiana. This provision may not be enforceable under California law.

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

6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. 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).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

9. The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in Louisiana. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. Prospective

franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

## HAWAII

The following paragraphs are added in the state cover pages:

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

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

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

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for QM Staffing Group in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

**Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.**

## ILLINOIS

Illinois law governs the Disclosure Document and Franchise Agreement(s).

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

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

## INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Area Development Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Area Development Agreement.
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 therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Franchise Agreement and Area Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.



**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 Quality Staffing Group Inc. 1304 Bertrand Dr. Lafayette, LA, 70506 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## **MARYLAND**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Area Development Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

### **Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

1. No release language in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.
3. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions 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 franchised 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, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.<sup>1</sup>
- (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 franchisee 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; and

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<sup>1</sup>NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

- (iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
  
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona-fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
  
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

\*\*\*\*\*

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

\*\*\*\*\*

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor must, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office  
Corporate Oversight Division  
Attn: Franchise  
670 G. Mennen Williams Building  
Lansing, MI 48913

## MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.
2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of 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 the jurisdiction.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 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 or Area Development Agreement.
5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

## NEW YORK

### NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF 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 B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

- a. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- b. No such party has pending actions, other than routine litigation. incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust; trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" section 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 Section 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" section of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of Law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 5 “Initial Fees,” is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

Item 6 “Other Fees,” is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented by the addition of the following:

Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

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, and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or



inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

**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 Quality Staffing Group, Inc 1304 Bertrand Dr. Lafayette, LA, 70506 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## **RHODE ISLAND**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

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

§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.”

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

## VIRGINIA

**In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for QM Staffing Group, Inc for use in the Commonwealth of Virginia shall be amended as follows:**

Additional Disclosure: The following statements are added to Item 17:

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 do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## WASHINGTON

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.

## **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.

**SIGNATURE PAGE FOR APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements 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, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

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

**FRANCHISOR:**

QUALITY STAFFING GROUP, INC

Name:

Title:

**FRANCHISEE:**

FRANCHISEE

Name:

Title:

## EXHIBIT J

### STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 K**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

**Bank Name:**

**ABA Number:**

**Account Number:**

**Account Name:**

Effective as of the date of the signature below, [FRANCHISEE NAME] (the “Franchisee”) hereby authorizes Quality Staffing Group, Inc (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated [EFFECTIVE DATE OF FA] (the “Franchise Agreement”) for the business operating at the location identified on Attachment A of the Franchise Agreement (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

AGREED ON [DATE]:

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**FRANCHISOR:**

Quality Staffing Group, Inc

**By:**

**Name:**

**Title:**

## **EXHIBIT L**

### **LEASE RIDER**

THIS LEASE RIDER is entered into between the undersigned parties.

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated \_\_\_\_\_, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a QM Staffing Group Business ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.
2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the QM Staffing Group system as Company may from time to time prescribe for the Business.
3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Quality Staffing Group, Inc.  
1304 Bertrand Dr., A-1, Lafayette, Louisiana 70506  
opportunity@qmstaffinggroup.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the QM Staffing Group system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the QM Staffing Group trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

**COMPANY:**

Quality Staffing Group, Inc.

**By:**

**Name:**

**Title:**

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**LANDLORD:**

[LANDLORD]

**By:**

**Name:**

**Title:**

**Effective Date of this Lease Rider:**

**Premises Address:**

## RECEIPT

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 Quality Staffing 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. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Quality Staffing 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, D.C. 20580, and any applicable state agency.

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

Franchise Opportunities, 1304 Bertrand Dr, A-1, Lafayette, LA, 70506;  
opportunity@qmstaffinggroup.com

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):

Name:

Address:

Phone:

Issuance Date: May 20, 2024

I received a Disclosure Document that included the following Exhibits:

- A. Financial Statements
- B. List of State Administrators and Agents for Service of Process
- C. List of Current and Former Franchisees
- D. Operations Manual Table of Contents
- E. Franchise Agreement with Attachments
- F. Reserved
- G. Form of General Release
- H. Form of Confidentiality and Noncompete Agreement
- I. State Specific Addenda
- J. State Effective Dates
- K. Electronic Funds Transfer Form
- L. Lease Rider
- Receipts

Signature:

Print Name:

Date Received:

**PLEASE SIGN AND KEEP THIS COPY FOR YOUR RECORDS.**

## RECEIPT

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- I. State Specific Addenda
- J. State Effective Dates
- K. Electronic Funds Transfer Form
- L. Lease Rider
- Receipts

Signature:

Print Name:

Date Received:

**RETURN THIS COPY TO US:**

Quality Staffing Group, Inc  
1304 Bertrand Dr, A-1, Lafayette, LA, 70506  
opportunity@qmstaffinggroup.com