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DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

FRANCHISE DISCLOSURE DOCUMENT

ATC Healthcare Services, Inc.
a Georgia corporation
1983 Marcus Avenue, Suite E-122
Lake Success, New York 11042
(516) 750-1600
www atchealthcare com
businessdevelopment@atchealthcare com

The franchise is to operate an "ATC Healthcare Services" Franchised Business that provides medical professional temporary and permanent staffing solutions to healthcare facilities

The total investment necessary to begin operation of a start-up ATC Healthcare Services single unit franchised business is $134,970 to $262,170 This includes between $60,120 and $64,620 that must be paid to the franchisor or its affiliate The total investment necessary to begin operation of an ATC Healthcare Services multiple unit discount package is $184,470 to $590,170 This includes between $110,120 and $114,620 that must be paid to the franchisor or its affiliate

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English Read this disclosure document and all accompanying agreements carefully You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no government agency has verified the information contained in this document**

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact David Savitsky at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 and (516) 750-1600

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document alone to understand your contract Read all of your contract carefully Show your contract and this disclosure document to an advisor, like a lawyer or an accountant

Buying a franchise is a complex investment The information in this disclosure document can help you make up your mind More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580 You can also visit the FTC's home page at *www ftc gov* for additional information Call your state agency or visit your public library for other sources of information on franchising

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

Issuance Date January 29, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN NEW YORK OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 YOUR CUSTOMERS WILL PAY US DIRECTLY WE WILL KEEP 45% OF THE GROSS MARGIN (DIRECT REVENUE MINUS DIRECT COSTS) AND PAY YOU 55% FOR REVENUE GENERATED BY PERMANENT PLACEMENTS, WE WILL KEEP 30% AND PAY YOU 70%

4 YOU WILL HAVE TO PAY US A MINIMUM ANNUAL ROYALTY FEE EVEN IF YOU DO NOT GENERATE ANY REVENUE

5 YOUR TERRITORY IS NOT EXCLUSIVE WE OPERATE AS ATC TRAVEL AND MAY PLACE TRAVEL HEALTHCARE PERSONNEL IN YOUR TERRITORY WE MAY ALSO OPERATE OR FRANCHISE SIMILAR BUSINESSES UNDER NAMES AND MARKS DIFFERENT THAN THOSE LICENSED TO YOU, AND WE MAY OPERATE OR FRANCHISE BUSINESSES UNDER THE SAME NAMES AND MARKS YOU OPERATE UNDER FOR SERVICES OR PRODUCTS DIFFERENT THAN YOURS

6 FAILURE TO MEET MINIMUM REVENUE RESULTS IN LOSS OF TERRITORY RIGHTS THIS WOULD PERMIT US TO FRANCHISE OR OPERATE ATC HEALTHCARE SERVICE BUSINESSES IN YOUR PROTECTED TERRITORY

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise

See the State Effective Dates page for the Effective Date for this state

FOR USE ONLY IN THE STATE OF CALIFORNIA

STATE EFFECTIVE DATES

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

This Disclosure Document is either not registered or registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	
Connecticut	Exempt
Florida	
Hawaii	
Illinois	
Indiana	
Kentucky	December 27, 1997
Maine	Exempt
Maryland	
Michigan	
Minnesota	
Nebraska	July 12, 2011
New York	October 25, 2011, amended as of
North Carolina	Exempt
North Dakota	
Rhode Island	
South Carolina	Exempt
South Dakota	
Texas	July 12, 2011
Utah	
Virginia	
Washington	
Wisconsin	

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is ATC Healthcare Services, Inc ("we," "us", or "our") "You' means the person to whom we grant a franchise If you are a corporation, partnership, limited liability company or other entity, your owners must sign our form of Guaranty attached to the Franchise Agreement If your owners sign the Guaranty, all of the provisions of the Franchise Agreement also will apply to your owners

We are a corporation incorporated in Georgia on September 24, 1985 Our principal business address is 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 We operate under the business names ATC Healthcare Services, Inc and ATC We also operate a separate business under the name ATC Travel, described below We currently own and operate four businesses of the type being franchised We have offered franchises since May 1996

Our agents for service of process are disclosed in Exhibit A

Our Parents, Predecessors and Affiliates

We are a wholly owned subsidiary of ATC Healthcare, Inc (our "Parent"), a Delaware corporation organized in 1983, with a principal place of business at 1983 Marcus Avenue, Lake Success, New York 11042 Our Parent was originally organized under the name Staff Builders, Inc , and changed its name to ATC Healthcare, Inc on August 2, 2001 Our Parent is also our Predecessor We are, and have been since May 1996, offering franchises to operate businesses specializing in providing medical supplemental staffing services to health care organizations (the "Business") Since 1985, we have operated this business as ATC Healthcare Services and, in addition, we also operate a long-term temporary staffing business ("ATC Travel") which places nurses and other healthcare personnel to work in a specific location where they do not reside, on a long term temporary basis, as described below We have not franchised, and have no present plans to franchise, ATC Travel businesses In October 2001, we acquired "Doctors' Corner" which provides a full range of medical administrative staffing for physician practice groups

Our first affiliate is CareBuilders at Home, Inc , a Georgia corporation headquartered at 1983 Marcus Avenue, Lake Success, New York 11042 and also a wholly owned subsidiary of our Parent ("CBAH") CBAH offers franchises for businesses operating primarily under the trademark "Care Builders At Home" which provide non-medical in-home care services CBAH does not operate businesses providing the non-medical in-home care services These franchises are offered under a separate disclosure document and Care Builders At Home has been offering Care Builders At Home franchises since January 2012 Care Builders At Home does not own or operate an ATC Healthcare Services Business

Our second affiliate is ATC Physician Services, Inc , a Delaware corporation headquartered at 1983 Marcus Avenue, Lake Success, New York 11042 and also a wholly owned subsidiary of our Parent ("ATCPS") ATCPS is a newly formed company that will place physicians on short term and long term assignments (also known as *locum tenens*), and provides permanent placement services for physicians ATCPS does not own an ATC Healthcare Services Business, nor has it offered franchises in this or any other line of business The company has not been operational since February 28, 2014

For more than 10 years before October 1999, our Parent (either directly or through wholly owned subsidiaries) operated and franchised both home health care agency businesses and temporary staffing

businesses Our Parent separated its home health care businesses (including any temporary staffing performed in connection with the home health care business) from the ATC temporary staffing business in October 1999 The separation was accomplished by our Parent's formation of a new wholly owned subsidiary, Tender Loving Care Health Care Services, Inc ("TLC"), which acquired 100% of the outstanding capital stock of our Parent's subsidiaries that were then operating in the home health care business (including temporary staffing) As a result of this transaction, TLC was spun off from our Parent and was no longer a wholly owned subsidiary of our Parent To the best of our knowledge, TLC is not currently offering franchises

One of our Parent's former subsidiaries (and for periods before 1987, a subsidiary of its predecessors), Staff Builders International, Inc ("International"), headquartered at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 and which is currently a subsidiary of TLC, offered franchises to operate a temporary staffing business as part of a Staff Builders Health Care Services (home health care) franchise from 1971 through May 1996 International also offered separate franchises to operate a temporary staffing business under the name Staff Builders Medical Staffing Services from April to July 1994 The Staff Builders Medical Staffing Services business is very similar to the ATC Healthcare Services franchise opportunity offered in this Disclosure Document From July 1994 through May 1996, International offered franchises to operate a temporary staffing services business (similar to an ATC Healthcare Services franchise) under the name ATC Healthcare Services Since May 1996, we have offered these franchises under the ATC Healthcare Services name and Marks, and we may offer these franchises under a separate trademark in the future International did not operate a temporary staffing service business

Periodically between 1971 and 1999, our Parent (directly or through subsidiaries) operated temporary staffing businesses as part of the Staff Builders Health Care Franchised Businesses (home health care businesses) From 1971 through 1999, International offered franchises to operate Staff Builders Health Care Services, to the best of our knowledge International is not currently offering these franchises

We operate a Travel Business under the name of "ATC Travel", which supplies healthcare personnel recruited from one geographic area to work in another geographic area on a long-term (several weeks to several months, usually) temporary contractual basis We signed a management agreement with Travel Healthcare Solutions LLC, a New York limited liability company headquartered at Sayville, New York, to operate the ATC Travel business If any of these travel healthcare personnel are assigned within your territory, you may compete with us ATC Travel can compete throughout the United States with any ATC Healthcare Services office Your office can, however, also provide Travel Healthcare Personnel to facilities within your territory For placements you make within your territory, you are entitled to the full portion of that placement as called for in this agreement

The Franchise Offered

We offer businesses operating under the "ATC Healthcare Services" and "ATC" names and other Marks (the "Franchised Business" or the "ATC Healthcare Services Franchised Business") ATC Healthcare Services Franchised Businesses provide medical professional temporary and permanent staffing solutions to healthcare facilities and providers, such as hospitals, nursing homes, hospices and medical clinics (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 Your Franchised Business will solicit clients within your territory and will solicit personnel to be placed All of the temporary personnel will be our employees and we will pay their

salaries, but we are not the employer for and will not pay salaries to your employees, including your office staff You may also place travel healthcare personnel within your territory, but ATC Travel also has this right If ATC Travel places travel healthcare personnel within your territory, you are not entitled to any portion of these placements by ATC Travel

We offer franchises for single units and a multiple unit discount package for three Franchised Businesses to be developed Under the multiple unit discount package, you purchase the right to establish three ATC Healthcare Services Franchised Businesses in three territories, which are determined and agreed upon before you sign the Franchise Agreement You and we will also agree upon the timeframe in which you must develop the second and third offices We may designate certain territories where you may establish a "virtual" office (not a "brick and mortar" office) A virtual office is used to account for business done within the territory assigned to the virtual office The use of a virtual office is based on the size of the territory and your ability to recruit medical personnel 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 actual brick and mortar offices will also be agreed to when you sign 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 The types of staffing solutions you will provide include registered nurses, clinical nurses, licensed practical nurses, and similar healthcare professionals, excluding physicians

If you purchase a franchise, you must operate your Franchised Business according to our business formats, methods, procedures, designs, layouts, standards, and specifications (the "System") Your Franchised Business must offer the Services we specify The services that ATC Healthcare Services Franchised Businesses provide are medical professional temporary and permanent staffing solutions to healthcare facilities and providers, such as hospitals, nursing homes, hospices and medical clinics You will need between 250 and 800 square feet in general office space for your Franchised Business We recommend that initially you establish your office in an executive type suite If you qualify to become a franchisee, you will sign our Franchise Agreement (Exhibit C to this Disclosure Document)

Market and Competition

The primary market for the Services includes hospitals, nursing homes, hospices, medical clinics and similar medical facilities You will compete with other businesses offering health care staffing services and placement of health care professionals You may also compete with ATC Travel in filling travel assignments within your territory

The medical staffing industry is fragmented, but growing, with many local and regional providers and vendor managers throughout the country providing nurses and other staffing solutions to hospitals and other healthcare providers We believe that because the temporary staffing industry is dominated generally by large national companies that do not specialize in medical staffing, specialization in this field will give our franchisees a competitive edge

Industry Specific Laws

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 employee 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

You must obtain, maintain and own any health care or employment/staffing services permits, licenses or other authority required for your Franchised Business In certain states we, as the employer of record of your temporary employees, must be licensed and if this is relevant to your Franchised Business, we will obtain any required licenses or permits

We also recommend that you become aware of and monitor any pending legislation that may affect the operation of your Franchised Business

ITEM 2
BUSINESS EXPERIENCE

Chairman of the Board and Director – Stephen Savitsky

Mr Savitsky has been our Chairman of the Board and Director since 1994

President, Chief Executive Officer (CEO) and Director – David Savitsky

Mr Savitsky has been our President, CEO and Director since December 2001

Senior Vice President, Chief Financial Officer – David Kimbell

Mr Kimbell has been our Chief Financial Officer since June 2007

Special Projects Manager – Maxine Reichhardt

Ms Reichhardt has been our Special Projects Manager since September 1, 1999

Director of Operations- Amy Stafford

Ms Stafford has been our Director of Operations since February 2017 Ms Stafford was Director of Business Solutions of Allen Healthcare Services in New York, New York from February 2015 to February 2017 Ms Stafford was Operations Director of ATC Healthcare Services in Lakes Success from January 2013 to February 2015 From March 2011 to January 2013 Ms Stafford was the President of APEX Therapeutic Services in Great Neck, NY

Director of Business Development-Patrick Rozmus

Mr Rozmus has been our Director of Business Development since January 2017 Mr Rozmus was the Vice President of Staffing at National Recruiting Group from March 2015 to January 2017 Mr Rozmus was the Northeast Regional Vice President at United Franchise Group in West Palm Beach, Florida from December 2010 to March 2015

ITEM 3
LITIGATION

Pending Litigation

None

Completed Litigation

1 *Securities and Exchange Commission in the matter of ATC Healthcare, Inc* (Administrative Proceeding File No 3-14245) In February 2011, the SEC initiated these proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934 Without admitting or denying any findings in this proceeding, we have reached a settlement with the SEC and registration of shares of our stock, formerly traded on the Pink Sheets under the symbol "AHNA", have been revoked

2 *Roaring Fork Capital SBIC, L P v ATC Healthcare Inc , et al* (District Court, City and County of Denver, Colorado, Case No 2010-cv-1247) In February 2010, Plaintiff, a former investor in ATC Healthcare, Inc , filed two virtually identical lawsuits against ATC, and some of its current and former officers and directors, in the Colorado federal and state courts Plaintiff's complaints allege violations of the federal Securities Exchange Act, the Colorado Securities Act, and the common law tort of negligent misrepresentation Plaintiff bases its claim on eight alleged accounting and controls issues Defendant believes that Plaintiff's case parallels Defendants accounting malpractice action filed in New York against Defendant's former auditors The defendants filed motions to dismiss the federal case, which have been granted, and Plaintiff has withdrawn its claims against former officers and directors of Defendant, except David Savitsky and Andrew Reiben On May 21, 2012 the parties entered into a memorandum of understanding outlining the essential terms and conditions of an agreement in principle where the Defendants' officer's liability insurance policy will pay the Plaintiff the amount agreed upon by the parties in full settlement of the matter One June 1, 2012, the insurance company made a payment to the plaintiff in the amount of $740,000

Other than these actions, 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

In the states of Minnesota, Rhode Island, South Dakota and Washington, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

In the state of Illinois, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied

The initial franchise fee and development fee are deferred until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement

Based upon our financial condition, the Maryland Securities Commissioner requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating

The Initial Franchisee Fee for a new franchise is $45,000 If you are purchasing the multiple unit discount package, which are three units, then when you sign the Franchise Agreement you must pay to us a lump sum initial franchise fee of $100,000 which includes the initial franchise fee of $45,000 for the first unit which is discounted to $33,333 33 and $33,333 33 for each of the other two units The initial Franchise Fee is payable in a lump sum when you sign the Franchise Agreement, is deemed fully earned upon receipt and is not refundable under any circumstances

You are required to activate continuing education licenses a year from the 500+ on-line home care tutorial programs we make available to you You must pay to us a fee of $120 for 2 licenses This fee is payable as you sign up for the class This fee is not refundable

We are an approved supplier of proprietary forms, stationery, business cards, lamination equipment and other basic supplies If you choose to purchase these items from us, we estimate that the cost of your initial supply of these items will be between $7,500 and $10,500 You may choose to purchase these items from another approved supplier for the System

We will provide to Franchisee a consultant for ten (10) business days to be on premises with the new franchisee to assist in setting up proper working routine and good habits Consultant will provide hands on guidance during the first few weeks of operations A Start up fee of $5000 is required for this service

Grand Opening Advertising The grand opening advertising program must be approved by us before you may run it, and we reserve the right to require you to give us the money for your grand opening advertising program and we will conduct the program for you The cost of the Grand Opening Advertising ranges from $2,500 to $4,000

There are no other purchases from or payments to us or any affiliate that you must make before your Franchised Business opens for business

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks (1)
Royalty Fee	45% of your Gross Margin, For revenue generated by permanent placements, the royalty is 30%	Monthly, within 60 days after the close of each month	We bill all of your customers and collect all payments We will deduct amounts due to us and pay the balance to you See note 2
Local Advertising	1% of your Office's total revenue	Must be spent monthly	All advertising you propose to use must first be approved by us You will pay your local advertising suppliers directly
Brand Development Fee	1% of your Office's total revenue	Monthly, within 60 days after the close of each month	If we or our designee establish a brand development fund for national, regional and/or local advertising programs
Additional Training On-Site	Our then-current per diem fee, plus reimbursement of expenses Current per diem fee = $800 to $1,200, depending on the experience of our representative	On demand	Payable if (1) you request additional training at your site, or (2) we determine that you require additional training
Transfer Fee (Franchise Agreement)	$15,000 $7,500 if the transfer is to an immediate family member $7,500 for additional territories that are being transferred at the same time to the same entity	Upon transfer	We will waive the transfer fee for a one time transfer from individual(s) to a corporate entity
Renewal Fee	$5,000	When Franchise Agreement renewed	

Type of Fee	Amount	Due Date	Remarks (1)
Delinquent Accounts	55% of the sale amount in the delinquent invoice, if you have complied with our Credit Approval Reimbursement System 100% of the delinquent invoice, if you have not complied with our Credit Approval Reimbursement System	As incurred	We will deduct this amount from your royalty An invoice for temporary personnel services or permanent placement is delinquent 30 days after its due date
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your operation of the ATC Healthcare Services 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
Management Fee	Our then-current per diem fee, plus reimbursement of expenses Current per diem fee = $800 to $1,200, depending on the experience of our representative Reimbursement of our representative's expenses	If incurred	In certain circumstances, such as your death or disability, we may step in and manage your Franchised Business
Computer Fees (Maintenance and Updates)	$300	Annually	Payable to approved supplier You must have a maintenance contract for your computer system, including hardware and software
Liquidated Damages	See note 3	15 days after termination for cause	

Type of Fee	Amount	Due Date	Remarks (1)
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances not to exceed $2500	As incurred	Payable to approved suppliers You must regularly clean and maintain your Franchised Business and its equipment We may require you to remodel or redecorate your Franchised Business to meet our then-current image for all ATC Healthcare Services Franchised Businesses We will not require you to remodel or redecorate your Franchised Business more frequently than every five years
Insurance and Bonds	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 reserve the right to deduct our costs from any monies payable to you If there is a claim, Franchisor will be responsible for up to 55% of the deductible
Interest on Overdue Amounts	1 5% per month or the highest legal rate we can charge, whichever is less	If incurred	Interest accrues from the original due date until payment is made in full Payable on amounts that are overdue to us
Audit	Cost of the audit	If incurred	We reserve 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 the audit, including fees and expenses You must also pay any understated amount plus interest
National or Regional Account Fee	$1 per service hour	As incurred	If we retain an account manager to maintain any national or regional account (see Item 12) Payable to the account manager We reserve the right to collect this fee on the account manager's behalf

Type of Fee	Amount	Due Date	Remarks (1)
Fidelity Bond	$500 to $1,000	Annually	You must have a fidelity bond if you wish to participate in our Quick Pay Program (see note 4)
Franchisee Meetings	not to exceed $1000 per person	If incurred	If we hold a meeting or convention of our franchisees
Product and Supplier Evaluation Fee	not to exceed $500	If incurred	For our evaluation of a proposed product or supplier
Former Employer Fee	Will vary under circumstances for the reasonable costs and expenses the employer incurred	If incurred	If you employ any individual in a managerial position who is at the time employed in a managerial position by us or any of our affiliates, or by another of our franchisees, you must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee
Website Maintenance	$350	Monthly	
Applicant Tracking System	$1 40 per active employee	Monthly	An applicant tracking system is a software application that enables the electronic handling of recruitment needs
Human Resources Information System(HRIS)	$4 per active employee	Monthly	A Human Resources Information System is software for the entry, data tracking, and data information needs of the Human Resources, payroll, management, benefits and accounting functions within our company
Recruitment Effort Cost	1% of your total revenue per recruitment activity	If incurred	recruitment advertising, resume searches, job boards and database searches
Employee Reward Program (optional)	Varies Depends on employee's choice of reward	As incurred	A reward program for Franchisee's employees based on hours worked (note 6)

Notes

1 We impose and collect all fees unless otherwise specified All fees are non-refundable In general, fees may change or go up in the future

2 All payments for your Franchised Business will be processed by us Within 60 days after the end of each calendar month we will provide you with payment and a report of revenue for your Franchised Business, itemizing the Royalty Fee paid to us and direct cost adjustments We will deduct the Royalty Fee (and Brand Development Fee (if we choose to form a Brand Development Fund and collect this fee – see Item 11), National or Regional Account Fees, and Management Fees, if applicable) from your total revenue, then deduct direct costs payable to us, and pay the balance to you (or, if the calculation shows that you owe money to us, you must pay us) We may make payments to you by check or electronic funds transfer when we send your report of revenue You must sign any documents required by us, our bank or your bank to accomplish electronic funds transfers We may make collections from you for amounts you owe to us by reducing your royalty fee or by your direct payment to us (by electronic funds transfer or check)

Total Revenue means the total amount received or receivable by you arising from, connected with or related to the sale of all goods, merchandise or services and all business transacted at, from or through your Franchised Business, directly or indirectly, excluding only (a) sales taxes and other taxes separately stated that you collect from clients and pay to taxing authorities, (b) refunds and credits made in good faith to arm's-length clients according to our standards and specifications for issuing refunds or credits, and (c) the discount value of any coupon, voucher or other allowance that we authorize at the time you redeem the client's coupon, voucher or allowance

For purposes of determining the Royalty Fee you will pay in any particular month, we will first calculate your gross margin Gross margin is determined by subtracting direct costs (described below) from your total revenue (described above) for that month We keep 45% of your gross margin and pay the balance (or 55% of your gross margin) ("GM55") to you Based on the annual average gross revenue reported in Item 19, this Royalty Fee is equivalent to 30% of the reported gross revenue

The direct costs we will deduct from total revenue include wages, applicable payroll taxes and fringe benefits, insurance, including health insurance (and/or penalties) as required under the Affordable Care Act Quick Pay Program expenses, background checks (including checks for proper credentials or criminal activities) and drug screening, refunds, discounts allowances or credits granted to customers, and your portion of any delinquent accounts We will pay GM55 to you even if we have not received payment from your clients, but we will set up a reserve program for accounts that are 90 days past due Under the Accounts Receivable Reserve Program, a reserve will be established with respect to accounts receivable over 90 days old net of any unapplied credits You must sign any documents we require evidencing our absolute ownership of Accounts Receivable for your Franchised Business

On an annual basis, you must pay to us a minimum annual Royalty Fee Within 60 days after the end of each year, we will advise you whether you have paid the minimum annual Royalty Fee for the previous year If you did not, we will advise you of the balance of the minimum annual Royalty Fee that is payable to us and the date this payment will be deducted from your GM55 If your GM55 is not sufficient to cover the balance of the minimum amount due, you must pay the balance of the minimum Royalty Fee to us within 10 days The minimum Royalty Fee you must pay to us on an annual basis is as follows

Period	Minimum Annual Royalty Fee
First Contract Year	$25,000
Second Contract Year	$50,000
Third Contract Year	$75,000
Fourth Contract Year	$100,000
Fifth Contract Year and for the Rest of the Term of the Franchise Agreement	Previous Year's Minimum + 5% (Not more than $250,000 per year)

3 If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the average monthly Royalty Fee you paid or owed to us during the 12 month period before termination multiplied by 24 (the number of months in two full years)

4 We offer a Quick Pay Program which provides pay advances to healthcare associates placed by you of up to $500 each week for each Healthcare associate You are not required to repay any advances paid through the Quick Pay Program to the Healthcare Associates unless there is an invalid or fraudulent advance made If you participate in the Quick Pay Program you must have the required fidelity bond and, as described above, the costs related to your participation in the Quick Pay Program are considered a direct cost You agree to comply with our requirements and obligations related to your participation in this program If you do not maintain the required fidelity bond or if you do not following the program's rules and policies, we may terminate your participation in this program

5 The Applicant Tracking System(ATS) is a software application that enables the electronic handling of recruitment needs ATS is designed for recruitment tracking purposes The principal function of an ATS is to provide a central location and database for a company's recruitment efforts ATSs are built to better assist management of resumes and applicant information In many cases they filter applications automatically based on given criteria such as keywords, skills, former employers, years of experience and schools attended

6 The Point Reward program are for Level 1 and Level 2 employees only They are eligible to earn points based on the number of hours worked Each point cost is $ 05 cents
Level 1 1 hour worked = 1 point
Level 2 1 hour worked = 2 points
Level 1 HCA Non-Licensed healthcare professional
Level 2 HCA Professionally licensed healthcare practitioner

Reward points are non-transferable to other eligible employees in the program and cannot be purchased or redeemed for cash Employees may choose to accumulate reward points with the anticipation of receiving a higher value award in the future Employees are provided with a catalog to choose their award depending upon points that are accumulated Gift cards are included in the catalog and can be redeemed by employees for $25 worth of points, and will be billed at $35 to the franchisee to account for shipping and handling

Franchisees will pay for points as they are redeemed on awards All invoices are the direct responsibility of the participating Franchisee Payment on invoices are net 30 days All participating offices will be billed directly by Awards Network

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT SINGLE UNIT FRANCHISE				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial franchise fee (1)	$45,000	Lump sum	When Franchise Agreement signed	Us
Rent – 9 Months (2)	$6,000 to $15,000	As Agreed	Per Lease	Landlord
Leasehold Improvements (3)	$0 to $5,000	As Agreed	As Agreed	Contractor and Suppliers
Equipment, Furnishings and Fixtures (4)	$2,000 to $5,000	As Agreed	As Agreed	Suppliers
Signage (5)	$200 to $1,000	As Agreed	As Agreed	Suppliers
Blue Prints/Plans (6)	$0 to $1,000	As Agreed	As Agreed	Engineer, Architect
Initial Inventory (7)	$7,500 to $10,500	As Agreed	As Agreed	Us or Suppliers
Security Deposits (8)	$1,000 to $2,000	As Agreed	As Agreed	Landlord, Utility Companies
Insurance – 9 Months (9)	$3,000 to $6,000	As Agreed	As Agreed	Insurance Companies
Grand Opening Advertising (10)	$2,500 to $4,000	As Agreed	As Agreed	Suppliers
Travel and Living Expenses While Training (11)	$2,000 to $4,500	As Agreed	As Agreed	Airlines, Hotels, Restaurants
Computer System (12)	$1,500 to $4,000	As Agreed	As Agreed	Suppliers
Permits/Licenses (13)	$500 to $1,500	As Required	As Incurred	Government Agencies
Professional Fees (14)	$1,500 to $2,500	As Agreed	As Agreed	Attorney, Accountant

YOUR ESTIMATED INITIAL INVESTMENT SINGLE UNIT FRANCHISE				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Online Employee Search (15)	$4,500-10,400	As Agreed	As Incurred	Suppliers
Additional Funds – 9 Months (16)	$48,000 to $135,000	As Needed	As Incurred	Various
ATC Academy (17)	$120	As Required	As Incurred	us
Website Design(18)	$1500	As Agreed	As Agreed	Suppliers or Us
Website Maintenance(18)	$3150	As Agreed	As Agreed	Suppliers or Us
Start Up Fee(19)	$7,500	As Agreed	As Agreed	Suppliers or Us
Total (20)	**$137,470-$264,670**			

YOUR ESTIMATED INITIAL INVESTMENT MULTIPLE UNIT DISCOUNT PACKAGE (BRICK AND MORTAR OFFICE)*				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial franchise fee (1)	$100,000	Lump sum	When Franchise Agreement signed	Us
Rent – 9 Months (2)	$6,000 to $31,500	As Agreed	Per Lease	Landlord
Leasehold Improvements (3)	$0 to $15,000	As Agreed	As Agreed	Contractor and Suppliers
Equipment, Furnishings and Fixtures (4)	$2,000 to $15,000	As Agreed	As Agreed	Suppliers
Signage (5)	$200 to $1,500	As Agreed	As Agreed	Suppliers
Blue Prints/Plans (6)	$0 to $3,000	As Agreed	As Agreed	Engineer, Architect
Initial Inventory (7)	$2,500 to $10,000	As Agreed	As Agreed	Us or Suppliers
Security Deposits (8)	$1,000 to $3,500	As Agreed	As Agreed	Landlord, Utility Companies

YOUR ESTIMATED INITIAL INVESTMENT MULTIPLE UNIT DISCOUNT PACKAGE (BRICK AND MORTAR OFFICE)*				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Insurance – 9 Months (9)	$3,000 to $6,000	As Agreed	As Agreed	Insurance Companies
Grand Opening Advertising (10)	$2,000 to $12,000	As Agreed	As Agreed	Suppliers or Us
Travel and Living Expenses While Training (11)	$2,000 to $6,000	As Agreed	As Agreed	Airlines, Hotels, Restaurants
Computer System (12)	$1,500 to $9,000	As Agreed	As Agreed	Suppliers
Permits/Licenses (13)	$500 to $4,500	As Required	As Incurred	Government Agencies
Professional Fees (14)	$1,500 to $5,000	As Agreed	As Agreed	Attorney, Accountant
Online Employee Search (15)	$4,500-$10,400	As Agreed	As Incurred	Suppliers
Additional Funds – 9 Months (16)	$48,000 to $384,000	As Needed	As Incurred	Various
ATC Academy (17)	$120	As Required	As Incurred	us
Website Design	$1500	As Agreed	As Agreed	Suppliers or Us
Website Maintenance(18)	$3150	As Agreed	As Agreed	Suppliers or Us
Start Up Fee(19)	$7,500	As Agreed	As Agreed	Suppliers or Us
Total (20)	**$186,970 to $592,670**			

* The estimates for a multi-unit discount package of franchises assumes that you will establish one brick and mortar office within the first three months of operations and have two virtual offices

YOUR ESTIMATED INITIAL INVESTMENT MULTIPLE UNIT DISCOUNT PACKAGE (TWO VIRTUAL OFFICES)				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom payment is to be Made**

YOUR ESTIMATED INITIAL INVESTMENT MULTIPLE UNIT DISCOUNT PACKAGE (TWO VIRTUAL OFFICES)				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom payment is to be Made**
Initial franchise fee (1)	$0			Included in multi-unit discount package
Initial Inventory (7)	$1,000	As Agreed	As Agreed	Us or Suppliers
Grand Opening (10)	$2,500-$4,000	As Agreed	As Agreed	Suppliers or Us
Permits and Licenses (13)	$1,000-$3,000	As Required	As Incurred	Government Agencies
Additional Funds (15)	$24,000-$60,000	As Needed	As Incurred	Various
Totals	**$28,500-$68,000**			

* The estimates for a multi-unit discount package of franchises assumes that you will establish one brick and mortar office within the first three months of operations and have two virtual offices

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

Explanatory Notes

1 ***Initial franchise fee*** We describe the initial franchise fee in Item 5

2 ***Rent*** You will need between 250 and 800 square feet of general office space for your Franchised Business The amount of your monthly rent will depend on the site's size, condition, and location, your ability to negotiate with the landlord, and the demand for the site among prospective lessees You may choose to establish your office in an executive suite where the furniture, furnishings, phones, data lines and office equipment are all included in one fee The office space you wish to occupy must be approved by us Our estimates assume that you will be leasing space, and that you will not purchase real property and build your own building for your Franchised Business If you choose to purchase real property and build an office, we cannot estimate how your initial investment would increase

3 ***Leasehold Improvements*** We anticipate that your leased office will need minimal leasehold improvements to meet our then-current image for all ATC Healthcare Services Franchised Businesses The leasehold improvements may include HVAC, electrical work, plumbing, flooring, wall coverings, and the like The actual cost of your leasehold improvements will depend on labor rates for the area in which your office is located, whether you must use union labor, the condition of the leased premises and how much the premises must be renovated

4 ***Equipment, Furnishings and Fixtures*** The equipment, furnishings and fixtures you will need include desks, chairs, testing booths, copy machine, file cabinets, reception room seating, telephone system, waste baskets, and basic office supplies for operating the Franchised Business

5 ***Signage*** You must obtain the interior and exterior signage we require for your ATC Healthcare Services Franchised Business All signage must comply with the terms of your lease and applicable local law

6 ***Blue Prints and Plans*** You may need to obtain architectural drawings for leasehold improvements to your leased space We reserve the right to review and approve all proposed drawings to make sure that they comply with our specifications for ATC Healthcare Services Franchised Businesses and presentation of the Marks Our review will not address compliance with any applicable laws, ordinances or building codes

7 ***Initial Inventory*** Our estimate includes proprietary forms, stationery, business cards, ID cards, brochures, camera and film, and manuals (in book or CD-ROM format or on-line, at our discretion)

8 ***Security Deposit*** Our estimate assumes that you will need to pay a security deposit to your landlord for the leased space Your local utility companies (such as electric and telephone) may also require you to pay security deposits

9 ***Insurance Premiums*** You must maintain the insurance and bonds that we require (see Item 8) during the entire term of the Franchise Agreement Your insurance premiums may be payable monthly, quarterly, semi-annually or annually, depending on your insurance company's practices You will have to obtain a separate fidelity bond if you are qualified for and wish to participate in our Quick Pay Program

10 ***Grand Opening Advertising*** You must invest between $2,500 and $4,000 in an outreach campaign announcing the opening of your franchised business Your opening announcement campaign must be conducted within the first 30 days of the franchised business's opening The campaign should consist of a mixture of communication tools, including but not limited to advertising, email blasts, introductory letter, press releases, direct mail announcements You must submit to us, for our approval, the proposed opening announcement campaign At our request, you must give us the money for your grand opening advertising campaign and we will conduct the campaign in your behalf

11 ***Travel and Living Expenses While Training*** We will provide our initial training program to up to two people (including you) at no additional charge If you request that we provide our initial training program to additional trainees, we will not charge you for training additional people, but it is subject to availability Our estimate in the above chart covers travel expenses, car rental expenses, hotel, meals and applicable wages for the first two trainees while attending training The low end of the estimate assumes that you are within driving distance each day of training The high end of the estimate assumes that additional travel is needed Your actual costs will depend on the distance you must travel, the total number of people attending training, and the accommodations you choose

12 ***Computer System*** You must purchase or lease the computer 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 Additional information about our requirements are included in item 11

13 ***Licenses and Permits*** You must obtain the operational licenses and permits required by applicable local, state and/or federal law All required licenses and permits must be in place and in good standing at all times during the term of your Franchise Agreement

14 ***Professional Fees*** We strongly advise you to consult with your own financial and legal advisors, and we anticipate that you will incur professional fees related to your evaluation of this Disclosure Document If you choose to form an entity for your Franchised Business, you may incur additional legal fees and expenses that we cannot estimate here

15 ***Online Employee Search.*** You are required to use at least one job board with a national reach for your recruitment efforts You may select from the job boards with which ATC had pre-arranged packages Monster, CareerBuilder, Indeed com or others that ATC might select from an alternative resource

16 ***Additional Funds*** This item estimates your initial start-up expenses (other than the items identified separately in the table) for the initial period of operations of your Franchised Business, which we anticipate will be nine months These expenses might include payroll costs if your start up plan includes hiring support staff, or a reasonable draw or salary for you based on your preferred lifestyle and current lifestyle expenses These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business Your costs depend on how much you follow our methods and procedures, your management skill, experience, and business acumen, local economic conditions, the local market for the vendor goods and services including your ability to negotiate favorable prices for such goods and services, the prevailing wage rate, competition, and the sales level reached during the initial period, which we estimate to be nine months

17 ***ATC Academy*** ATC Academy is an e-learning educational platform offered to active employees to assist them in obtaining continuing education Courses are conveniently delivered online in a virtual classroom environment available through our partnership with Relias Learning Relias Learning has been a leader in delivering online training programs to health service organizations since 2002 Relias' intuitive user interface makes learning enjoyable and accessible to busy professionals There are over 500 course offerings in the ATC Academy library, many with video to enhance learning, making it an excellent professional development tool that can be used for career growth The courses are accredited and eligible for state Continuing Education Units (CEUs) that can be used to maintain licenses and certifications

18 ***Website Design and Maintenance*** Franchisor has partnered with an outside vendor, an experienced group of internet marketers, to develop and manage our Digital Marketing campaign The outside vendor will be responsible for all website development, social media plan (LinkedIn, Facebook and Twitter), website performance analytics, website hosting and maintenance All franchisees will work with the outside vendor to develop a multipage responsive website as well as collaborate on content management, strategy and distribution schedule

19 ***Start Up Fee*** Franchisee will utilize a consultant for ten (10) business days to be on premises with the new franchisee to assist in setting up proper working routine and good habits Consultant will provide hands on guidance during the first few weeks of operations

We relied on our Parent's and our Parent's affiliates' prior franchise experience, as well as our own experience, to compile these estimates You should review these figures carefully with a business advisor before deciding to acquire the franchise We do not finance any portion of your initial investment The availability and terms of third party financing for the franchise purchase and business

start-up depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Franchised Business according to our System Standards System Standards may regulate, among other things, the types, models, and brands of equipment, computer system, required software, marketing materials, proprietary forms and other items to be used in your Franchised Business (collectively, "Operating Assets"), required and authorized product and service categories, and designated and approved suppliers of these items and services, which could be limited to us, our affiliates, and other restricted sources, in which case you must acquire certain items for your Franchised Business only from these restricted sources Except as described in this Item 8, there are no goods, supplies, fixtures, equipment, inventory, or real estate for the Franchised Business that you currently must buy or lease from us (or an affiliate) or designated suppliers If we and/or our affiliate are designated or approved suppliers, we reserve the right to earn a profit on your purchases from us or our affiliate

Currently we are an approved supplier for proprietary forms, stationery, business cards and lamination equipment, and other basic supplies that you will use in the operation of your Franchised Business You are not required to purchase these items from us, but you must purchase them from an approved supplier for the System No other persons affiliated with Franchisor are currently approved Suppliers We do not earn a profit on the sale of these items to our franchisees, and during the fiscal year ended September 30, 2017, we did not earn any revenue from the sale of these items to our franchisees During the fiscal year ended September 30, 2017 we did not earn any revenues from lenders for referring our Franchisees for Financing

Because we are owned by our Parent, none of our officers listed in Item 2 has a direct ownership interest in us, but Steve Savitsky and David Savitsky do have an ownership interest in our Parent None of our officers has an ownership interest in any other approved supplier

To maintain the quality of the goods and services that ATC Healthcare Services Franchised Businesses sell and our System's reputation, we may condition your right to buy or lease Operating Assets and other items on their meeting our minimum standards and specifications and/or their being purchased or leased from suppliers that we approve We will formulate and modify standards and specifications based on our (and our franchisees') experience in the industry and in operating ATC Healthcare Services Franchised Businesses Our standards and specifications, and modifications thereto, are issued in writing to our franchisees and suppliers Our standards and specifications may impose minimum requirements for delivery of services, performance, reputation, prices, quality, design, and appearance Our Operations Manuals or other communications may identify names of approved suppliers and our standards and specifications If not identified, this information is available to you upon request There might be situations where you can obtain items from any supplier who can satisfy our requirements and would, therefore, be an approved supplier

If we institute any type of restrictive sourcing program (which, as noted above, we have the right to do) and you want to use any product that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved, you first must send us sufficient information, specifications, and samples so we can determine whether the product complies with System Standards or the supplier meets approved supplier criteria We will, within a reasonable time (typically 90 days), give you our decision whether we approve or disapprove the supplier We periodically will establish procedures for your requests and may limit the number of approved products and/or suppliers as we think best Approval might be temporary until we evaluate the supplier in more detail We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards

If it does not, we may revoke our approval by notifying the supplier and you in writing We are not required to provide you or the proposed supplier with our evaluation criteria We do not currently charge a fee for our evaluation of a proposed product or supplier, but we reserve the right to do so (not to exceed $500)

The cost of purchasing and/or leasing approved or required inventory, supplies, fixtures, equipment and construction items is estimated to constitute approximately 10% to 20% of total purchases and leases you will make in connection with the establishment of your Franchised Business, and approximately 10% to 20% of total purchases and leases in connection with the operation of your Franchised Business

We or our affiliates may derive revenue from approved suppliers in the form of rebates, commissions or other payments based on our franchisees' purchases from these approved suppliers During the fiscal year ended February 28, 2017, we and our affiliates did not receive any payments from approved suppliers as a result of required purchases or leases of our franchisees If we or our affiliates receive payments from suppliers on account of their dealings with you and other franchise owners, there is no restriction on our use of these funds unless otherwise agreed to with the supplier We do not currently receive payment, in the form of preferred pricing, from any suppliers due to such suppliers' transactions with us or our franchisees

There currently are no purchasing or distribution cooperatives, although we may establish them in the future We reserve the right to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all Franchised Businesses in the System We do not provide material benefits to you, such as the grant of a renewal franchise or the grant of an additional territory, for using designated or approved suppliers

We must approve of the location you choose for your Franchised Business We must also approve of any advertising materials that you wish to use in promoting your Franchised Business if the advertising materials were not prepared by us or approved by us in the immediately preceding 12 month period Additional information about these approval processes are included in Item 11

Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Business All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Operations Manual Additionally, we may designate one or more insurance companies as the insurance carrier(s) for ATC Healthcare Services Franchised Businesses If we do so, we may require that you obtain your insurance through the designated carrier(s)

Currently you must maintain the following minimum insurance coverages workers' compensation, employer's liability and unemployment insurance for your staff according to state requirements, general liability insurance of at least $1,000,000 per occurrence, non-owned and hired automobile insurance, errors and omissions insurance, disability insurance for your staff employees, fidelity bonding, all-risk property damage insurance, and license bonding We reserve the right to require

you to have Employment Practice Liability insurance (EPLI) You may also have to obtain professional malpractice insurance, if required by applicable law

You must provide us with a certificate of insurance showing that you have obtained the required coverages not later than two weeks before your Franchised Business opens, and you must provide us with an updated certificate of insurance as policies are renewed All policies must provide us with 30 days' advance written notice of any cancellation or change to any policy We reserve the right to change our insurance requirements during the term of your Franchise Agreement, and you must comply with any changes

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Article in Franchise Agreement	Disclosure Document Item
a	Site selection and acquisition/lease	2	6, 7, 11
b	Pre-opening purchases/ leases	2	7, 8, 11
c	Site development and other pre-opening requirements	2	7, 8, 11
d	Initial and ongoing training	4	7, 11
e	Opening	2	11
f	Fees	3, 9, 12, 13	5, 6, 7, 11
g	Compliance with standards and policies/Operating Manual	8	8, 11, 16
h	Trademarks and proprietary information	5	13, 14
i	Restrictions on products/ services offered	8	8, 16
j	Warranty and client service requirements	Not applicable	Not applicable
k	Territorial development and sales quotas	3, 8	12
l	Ongoing product/service purchases	8	8, 16
m	Maintenance, appearance and remodeling requirements	8	11
n	Insurance	8	7, 8
o	Advertising	9	6, 7, 11
p	Indemnification	16	6

	Obligation	Article in Franchise Agreement	Disclosure Document Item
q	Owner's participation/ management/staffing	7, 8	15
r	Records/reports	10	6
s	Inspection/audits	11	6, 11
t	Transfer	12	6, 17
u	Renewal	13	6, 17
v	Post-termination obligations	15	17
w	Non-competition covenants	15	17
x	Dispute resolution	17	17
y	Liquidated damages	15	6

ITEM 10
FINANCING

Neither we nor any of our affiliates offer, directly, any arrangements for financing your initial investment or for the operation of your Franchised Business We will not guarantee your note, lease or other obligations

For qualified franchisees who obtain individual fidelity bond insurance, we offer our Quick-Pay Program which provides pay advances to healthcare associates of up to $500 each week The healthcare associates are our employees Quick Pay Program checks and e-card advances are not loans They are drawn on our account and will be treated as a Direct Cost to you under the Franchise Agreement If you do not maintain the required fidelity bond or fail to follow program rules, we can suspend or cancel your participation in this program

We reserve the right to receive a fee if franchisee uses a Lender that we recommend That fee depends on the type of financing the franchisee receives

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

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

Pre-Opening Obligations

Before you open the Franchised Business, we will

1 Review and, if it meets our criteria, approve the site you propose to use for your Franchised Business and identify your specific territory (See Item 12) You must provide us with the information we need to evaluate the site within 30 days after you sign the Franchise Agreement Our criteria for evaluating sites includes demographic characteristics, traffic patterns, parking, character of neighborhood, competition from, proximity to, and nature of other businesses, size, appearance, and other physical and commercial characteristics (Franchise Agreement – Section 2 1)

2 As discussed in Item 8, identify the Operating Assets, products, materials, supplies, and services you must use to develop and operate the Franchised Business, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which might include us and/or our affiliates) (Franchise Agreement – Section 2 2)

3 Lend to you one copy of the Operations Manual, which we may provide in hard copy format, by CD-ROM or via a password-protected Website (Franchise Agreement – Section 4 3) The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we require We may modify the Operations Manual periodically to reflect changes in System Standards

4 Train up to two people at no additional charge (Franchise Agreement – Section 4 1) We describe this training later in this Item

5 Provide you with staffing software that will allow you to schedule, track employees, clients and orders We use this software to generate billing for your clients and payroll for the temporary healthcare employees you place with clients

Continuing Obligations

Franchise Agreement During your operation of the Franchised Business, we will

1 Pay all wages, fringe benefits and related taxes to temporary medical staff recruited and placed by you on a weekly basis as required under the Affordable Care Act (Franchise Agreement – Section 4 6)

2 Prepare all customer billings for your Franchised Business and collect all accounts receivable We shall also provide you with monthly reports of billings and collections for the Royalty Fee and pay to you the royalty within 60 days after the end of the calendar month (Franchise Agreement – Section 3 2)

3 Inspect and observe the operation of the Franchised Business to help you comply with the Franchise Agreement and all System Standards (Franchise Agreement – Section 4 2)

4 Use our best efforts to assist you in developing your Franchised Business, including reviewing contracts, seeking national accounts, and providing staffing leads (Franchise Agreement – Section 4 2)

5 Let you use the Marks (Franchise Agreement – Article 5)

6 Conduct a meeting of our franchisees, which will not be held more frequently than annually and will be held only when we believe it will be beneficial to our franchisees We may specify that attendance at a franchisee meeting is mandatory for you and/or your manager (Franchise Agreement – Section 4 3)

7 Provide periodic refresher training courses, conference calls, webinars, etc , some of which may be designated as mandatory (Franchise Agreement – Section 4 1)

Advertising and Marketing

Grand Opening Advertising

You must invest between $2500 and $4000 in an outreach campaign announcing the opening of your Franchised Business Your opening announcement campaign must be conducted within the first 30 days of the Franchised Business's opening The campaign should consist of a mixture of communication tools, including, but not limited to advertising, email blasts, introductory letters, press releases, direct mail announcements You must submit to us, for our approval, the proposed opening announcement campaign At our request, you must give us the money for your grand opening advertising campaign and we will conduct the campaign on your behalf

Brand Development Fund and Cooperatives

We do not expect to establish or approve the establishment of a Brand Development Fund for all franchisees, but we reserve the right to do so Currently, you do not have to participate in a local or regional advertising fund If we choose to form the Brand Development Fund (the 'Fund"), you must pay a Brand Development Fee that will be charged to all franchisees at the same rate and will not be greater than 1% of your Office's total revenue We will provide you with 60 days' prior written notice that we have elected to establish the Fund and when you must begin paying a Brand Development Fee If formed, the Fund will be administered as follows

The Fund may be managed by us, our designee or a professional agency to advertise and promote the System and ATC Healthcare Services Franchised Businesses The Fund will be used for national, regional and/or local advertising, publicity and promotion relating to our business, in any media, including print, radio and television The coverage is typically regional and national in nature Advertising may be developed in-house and/or by regional and national advertising agencies We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation We are not obligated to spend any amount on advertising in your area or territory separate from the Fund, nor will we use any funds for advertising that is principally a solicitation for the sale of franchises The Fund will not be audited

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fees) The Fund is not our asset, and it is not a trust We do not owe you any fiduciary obligations because we maintain the Fund We may spend in any calendar year an amount greater or less than the aggregate contributions made by all Franchised Businesses contributing to the Fund in that year We may make loans to the Fund (and the Fund may borrow from us or other lenders) bearing reasonable interest to cover any deficits of the Fund or cause the Fund to invest surplus for future use Any money remaining in the Fund at the end of any year will carry over to the next year

Any ATC Healthcare Services Franchised Businesses owned by us or our affiliates will contribute to the Fund on the same basis as franchisees in the System Funds from the Brand Development Fees paid will be kept separate and distinct and will be accounted for separately from our other funds These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above, and will not be used for advertising that is primarily a solicitation of

new franchisees We will prepare, and furnish to you upon written request, an unaudited annual statement of funds collected and costs incurred

We may incorporate the Fund or operate it through a separate entity whenever we want to The Fund is intended to maximize general public recognition and patronage of all Franchised Businesses and the Marks for the benefit of all Franchised Businesses We have no obligation to make sure that expenditures by the Fund are proportionate or equivalent to contributions by Franchised Businesses or to make sure that any Franchised Business will benefit directly or in proportion to its contribution to the Fund from the conduct of marketing programs or the placement or advertising

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense We also may forgive, waive, settle and compromise all claims by or against the Fund

We may at any time defer or reduce the Fund contributions of any Franchised Business and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund If we terminate the Fund, we will distribute all unspent monies to all Franchised Businesses (whether franchised or operated by us or our affiliates) in proportion to their respective Fund contributions during the preceding 12 month period If we terminate the Fund we will have the right to reinstated it at any time, and the reinstated Fund will be maintained as described above

The Fund has not yet been established, so no monies were spent by the Fund

Local Advertising

You must conduct local advertising and marketing in your Territory, and you must spend not less than 1% of your Office's total revenue each month for local advertising, including approved job board advertising You are required to use at least one job board with a national reach for your recruitment efforts You may select from the job boards with which ATC had pre-arranged packages Monster, CareerBuilder, Zip Recruiter or Indeed com or you may select an alternative resource predicated upon ATC's approval of this resource. Your advertising promotion and marketing will be completely clear, factual and not misleading and conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe All of your advertising must also comply with any applicable laws or regulations Before you use them, you must send us for approval samples of all advertising, promotional and marketing materials which we have not prepared or previously approved If you do not receive written approval within 15 days after we receive the materials, they are deemed to be disapproved You may not use any advertising, promotional or marketing materials that we have disapproved or that have not been approved by us within the previous 12 months All proposed advertising materials submitted to us for review will become our property and there will be no limitation on our use or distribution of these materials At our request you must include certain language in your local advertising materials, including ' Franchises Available", our website address and telephone number

At our request, you must provide us with proof of your expenditures on local advertising, including a report of the monies spent, copies of the advertising used and verification of advertising

Advisory Council/Cooperatives

We do not expect to establish an advertising cooperative There are presently no advertising councils or local or regional advertising cooperatives If an advertising cooperative is formed by our

franchisees and approved by us, you must agree to contribute to the cooperative the amount agreed upon by a majority of the members of the cooperative, to pay that amount to the advertising cooperative and the times agreed upon by the majority, and abide by the cooperative's rules The cooperative will determine who will administer the cooperative The written governing documents will be available for review by you Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you We will not have the power to require cooperatives to be formed, changed, dissolved or merged

Technology / Intranet

Websites

Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above) As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to ATC Healthcare Services Franchised Business, Marks, us, or the System The term Website includes Internet and World Wide Web home pages Web marketing and digital campaign are required by ATC Website must be developed by ATC's website development group

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval

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

A company website is required to be opened and maintained Franchisor has partnered with an outside vendor, an experienced group of internet marketers, to develop and manage our Digital Marketing campaign This outside vendor will be responsible for all website development, social media plan (LinkedIn, Facebook and Twitter), website performance analytics, website hosting and maintenance All franchisees will work with this outside vendor to develop a multipage responsive website as well as collaborate on content management, strategy and distribution schedule

Human Resource Information System (HRIS)

All Franchisees are required to use the HRIS system selected by Franchisor for all HCAs A Human Resources Information System (HRIS) is software for the entry, data tracking, and data information needs of the Human Resources, payroll, management, benefits and accounting functions within our company It includes the following

- Management of all employee information
- Reporting and analysis of employee information
- Houses all company-related documents and forms and automates the onboarding process
- Benefits administration including enrollment, status changes, and personal information updating
- Complete integration with payroll and financial software and accounting systems

- Applicant tracking and resume management
- Employee Self Service

Recruiting

Recruitment Effort of 1% of your total revenue will be required for recruitment advertising, resume searches, job boards and database searches

You are strictly prohibited from promoting your Franchised Business or using the Marks in any manner on any social and/or networking Websites, such as Facebook, LinkedIn, MySpace and Twitter, without our prior written consent

Computer System

You must purchase or lease a Windows® based computer system We do not currently specify the make or model of the computer system you must purchase or lease, but we reserve the right to do so in the future The computer system you select must be approved by us and it must be compatible with our computer systems You must at all times have a high speed internet connection to be able to use the computer system and required software

We will provide you with staffing software that will allow you to schedule, track employees, clients and orders We use this software to generate billing for your clients and payroll for the temporary healthcare employees you place with clients You must also purchase office productivity and accounting software (Microsoft Office and QuickBooks) The testing software for testing new temporary and permanent placement candidates is provided via an on-line service

Your computer system will provide you with the following functions scheduling and fulfilling requests for temporary employees, searching and matching employee skills for the job order, e-mail, word processing, accounting and financial reporting We estimate that the initial cost of your computer system will be between $1,500 and $4,000 You must maintain an on-site technical support contract to make sure that your computer system is fully operational We estimate that the cost of a technical support contract will be approximately $300 per year

You must make sure that we have independent access to your computer system at all times during the terms of your Franchise Agreement, at your expense We will have the right to access and retrieve data from your computer system, including data relating to your customers, temporary employees, placement of employees, and similar information Any data related to the Franchised Business that we access from your computer will become our property

You must upgrade the computer system, and/or obtain service and support, as we require or as is necessary because of technological developments or events There are no contractual limitations on the frequency and cost of your obligation to obtain maintenance, updates or upgrades Neither we nor any of our affiliates will provide you with any maintenance, updates or upgrades for your computer system

Site Selection and Development

You must select the site for your Franchised Business, and you must obtain our written approval of any proposed site in accordance with our procedures Our written approval will not be unreasonably withheld if that the site meets our minimum qualifications Within 30 days after you sign the Franchise Agreement, you must submit to us the information we require to evaluate your proposed site In evaluating a site, we may consider the factors we deem material, including demographic characteristics,

traffic patterns, parking, the predominant character of the neighborhood, competition within the area, rental obligations, and the site's size, appearance and other physical characteristics We will have 30 days after receipt of all of the information we need to advise you whether the site is approved Unless we provide our specific approval of a site, the site is deemed not approved Our approval of your site is not a warranty or guarantee that you will be successful at that site Our approval only indicates that the site meets our then-current minimum criteria for an ATC Healthcare Services Franchised Business If you are not able to locate a suitable site within 30 days after you sign the Franchise Agreement, we will have the right to terminate your Agreement

Once we approve a proposed site, you must sign a lease for the site The terms of your lease must not conflict with the terms of your Franchise Agreement, and the length of the lease should not be longer than the term length of your Franchise Agreement You must submit the proposed lease to us for our review and approval At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached as Exhibit H to the Franchise Agreement

You must develop the approved site according to our specifications Our specifications may include requirements related to décor, wall treatments, general color scheme, layout and signage

Opening

We estimate that it will be one to three months after you sign the Franchise Agreement before you open the Franchised Business, but this depends on the site's location and condition, how much you must upgrade or remodel an existing location, how long it takes to complete training, and your compliance with local laws and regulations You may not open the Franchised Business until (1) pre-opening training is completed to our satisfaction by all required persons, (2) you pay the initial franchise fee and all other amounts then due to us, (3) you give us certificates for all required insurance policies and bonds, and (4) you have obtained all required permits and licenses for your Franchised Business You must open the Franchised Business within 30 days after the approved site is identified If you are unable to open your Franchised Business within this period, except for circumstances not in your control, we have the right to terminate your Franchise Agreement, unless we agree to provide you with an extension of the timeframe to open

If you purchase the multiple unit discount package, you and we will determine the timing of when the offices for your second and third Franchised Business must be open These timeframes will be included in Exhibit B to your Franchise Agreement

Training-

Not later than 30 days before the Franchised Business opens, you and one key employee, if you have hired one (a total of up to two trainees) must complete our initial training program to our satisfaction Our training program is mandatory for all franchisees Initially, we will train up to two people in operating the Franchised Business at no charge, one of whom must be you If you request that we provide our training program to additional trainees, we will not charge you for training additional people, but it is subject to availability You must pay all expenses incurred by your trainees while attending training, such as travel, lodging, meals and applicable wages

You and your manager must satisfactorily complete initial training and participate in all other activities required to operate the Franchised Business If you or your manager do not complete our training to our satisfaction, you and/or you manager may re-take our training program If you or your manager do not complete our training to our satisfaction a second time, we have the right to terminate

your Franchise Agreement We may require you to replace any manager if we determine when they re-take our training program that he or she is still not qualified to hold that position

Training will occur after you sign the Franchise Agreement and while you are developing the Franchised Business We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel There currently are no fixed (i e , monthly or bi-monthly) training schedules, but there may be in the future, training is conducted on an as-needed basis Our training program is held at our headquarters in Lake Success, New York, at an operating ATC Healthcare Services Franchised Business or at another location we designate, and will last for approximately two weeks

The materials we use in our initial training program include our Confidential Operations Manual and any other materials that we believe will benefit our franchisees in the training process As of the date of this Disclosure Document, we provide the following training

TRAINING PROGRAM

Subject	Hours of Classroom	Hours of On the Job	Location
History of ATC Healthcare Staffing	5		Lake Success Telephone
ATC Mission Statement and Operating Principles	5		Lake Success Telephone
Intro to Medical Staffing Clinical Job Overview	2		Lake Success Telephone
ATC Healthcare Staffing Full Service Offerings	1		Lake Success Telephone
Administrative Operations	1		Lake Success Telephone
Marketing Assessment	1 5	2	Lake Success Telephone
Marketing Workshop Letter of introduction Role play telemarketing Prospecting Calls Role Play in person sales	1 5		Lake Success
Local Market Review	1	2	Lake Success
Margin Calculations	5		Lake Success
Human Resources	2		Lake Success
Hiring Criteria/Recruitment	1	6	Lake Success
Recruitment Workshop Resume mining Posting Ads Telemarketing	1 5		Lake Success
HCA Benefits	5		Lake Success
Staffing and Day to Day Operations	1 5	8	Lake Success
Business Plan and 30 day Action Plan (including discussion of Grand Opening Activities)	1	2	Lake Success
Accounting	1 5		Lake Success

Payroll/Invoicing/Collections	1 5	8	Lake Success
ATC Connect Software	4	8	Lake Success
Contracts and Sample Service Agreement	5	3	Lake Success
Government Contracting	1		Lake Success
Risk Management Quality Improvement Workers Compensation Insurance	1 5		Lake Success
Sales Visits		4	Your Location
Operations Review		3	Your Location
Recruitment Review		2	Your Location
Break Even Review		1	Your Location
30/60/90 Day Plan		2	Your Location
Goals and Benchmarks		2	Your Location

Our training program is overseen by the Director of Operations or Designee The minimum experience of the Director of Operations and the instructors in the field that is relevant to the subject taught is from 5 to 20 years

We reserve the right to hold periodic refresher training programs, and we may designate that attendance at refresher training is mandatory for you and/or any of your personnel We do not charge a training fee, but you must pay for all expenses your trainees incur while attending refresher training, including travel, lodging, meals and wages We also reserve the right to hold periodic webinars and conference calls to provide additional opportunity for training in all areas of the business

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually We will not hold a franchisee convention unless we believe it will be beneficial to our franchisees We may designate that attendance at a franchisee meeting by you and/or certain of your personnel is mandatory unless your absence is excused by us We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new services and/or to provide training We may designate the location of the meeting (including a block of hotel rooms set aside for our franchisees) We will not designate an unreasonably expensive location We do not charge a fee, but you must pay for all expenses your trainees incur while attending a franchisee meeting, including travel, lodging, meals and wages

We reserve the right to charge a fee for invoicing and billing errors created by Franchisee not following proper processes and protocols

Franchisee must notify corporate within 24 hours of any and all notices of claims and litigation threats, and any employment conduct issues

Operations Manual

The Table of Contents of our Operations Manual is attached to this Disclosure Document as Exhibit G Our Operations Manual includes approximately 227 pages

ITEM 12
TERRITORY

You will operate the Franchised Business at a specific location that we first must approve, as described in Item 11 You will be granted a protected area ("Territory") in which your Franchised Business must be located Generally, a Territory will include an entire county, but if the Territory is located in a large urban area, the boundaries of the Territory will be negotiated and will be based upon population (approximately 500,000) We obtain the population count through the United States Census Bureau Except as limited below, and if you are in full compliance with the Franchise Agreement, we and our affiliates will not operate or grant a franchise for the operation of another ATC Healthcare Services Franchised Business at a location within the Territory during the term of the Agreement 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 will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control

Under the multiple unit discount package, you purchase the right to establish three ATC Healthcare Services Franchised Businesses in three territories, which are determined and agreed upon before you sign the Franchise Agreement You and we will also agree upon the timeframe in which you must develop the second and third offices We may designate certain territories where you may establish a ' virtual" office (not a "brick and mortar" office) A virtual office is used to account for business done within the territory assigned to the virtual office The use of a virtual office is based on the size of the territory and your ability to recruit non-medical in-home care 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 actual brick and mortar offices will also be agreed to when you sign the Franchise Agreement

You may not relocate the Franchised Business from the approved site without our approval If we approve your request to relocate your Franchised Business, the new site must be within your Territory We will use the same criteria in reviewing a proposed relocated site that we use in evaluating your original site

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, an ATC Healthcare Services Franchised Business in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below

You must achieve a certain level of revenue to maintain your rights to your Territory, as follows

Contract Year	Minimum Revenue
First Contract Year	$250,000
Second Contract Year	$500,000
Third Contract Year	$750,000
Fourth Contract Year	$1,000,000
Fifth Contract Year and for Remaining Term of the Franchise Agreement	Previous Year's Minimum + 5% (but not more than $2,500,000)

If you do not achieve these minimum revenue amounts then you must pay to us the balance of the minimum annual Royalty Fee, as described in Item 6 We do not guarantee or represent that you will be able to meet the minimum required revenue amounts described above or that your Franchised Business will achieve any level of revenue or profitability

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to ATC Healthcare Services Franchised Businesses, the Marks, and any products and services anywhere in the world including the right (a) to offer and sell and to grant others the right to offer and sell the Services offered by Franchised Businesses, both within and outside the Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate, (b) to operate and to grant others the right to operate Franchised Businesses located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business, (c) together with ATC Travel, to provide temporary travel healthcare personnel placement at any location, including within your Territory, (d) to provide, and to grant others the right to provide, non-medical in-home care providers on a temporary or permanent basis at any location, including within your Territory, and using any trademarks, including the Marks, (e) to acquire and operate a business operating one or more medical personnel placement businesses located or operating in your Territory, but if one of these businesses is located within your Territory, it will not operate using the Marks, and (f) to establish at any time a separate system and franchise offering different services and/or products under different trademarks, trade names and logos, without your consent Nothing in the Franchise Agreement obligates us to notify you or our establishment of a new franchise opportunity or to offer you the opportunity or right to purchase the new franchise opportunity

You may provide the Services to clients within your Territory You may not engage in any promotional activities or sell any similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the 'Electronic Media'), through catalogs or other mail order devices sent or directed to clients or prospective clients located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from clients or prospective clients located anywhere While you may place advertisements in printed media and on television and radio that are targeted to clients and prospective clients located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective clients outside of your Territory, you may not make any sales or provide any Services to clients located outside of your Territory, unless the client is located in an area where there is not another ATC Healthcare Services Franchised Business in operation

We and our affiliates may sell Services under the Marks within and outside your Territory through any method of distribution other than an ATC Healthcare Services Franchised Business, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels") You may not use alternative distribution channels to make sales outside or inside your Territory except as described in the following paragraph You will not receive any compensation for our sales through alternative distribution channels from inside your territory except as described in the following paragraph

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive requests related to Services offered by an ATC Healthcare Services Franchised Business calling for delivery or performance in your Territory, then the request will be forwarded to you If you choose not to respond to the request or are unable to do so within the timeframe required by us, then we, one of our affiliates or a third party

we designate (including another franchisee) may respond to the request, and you will not be entitled to any compensation in connection with the sale of products or provision of services resulting from this request All inquiries or requests placed through our Website will be our property

As described in Item 1, we have affiliates that offer medical care personnel placement on a temporary and permanent basis as well as in-home non-medical services under the marks "Carebuilders At Home"and 'ATC Travel' In addition our affiliate Carebuilders At Home offers franchises for Carebuilders At Home businesses under a separate disclosure document We describe earlier in this Item 12 what we may do anywhere and at any time

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

National or Regional Account

We reserve the right to establish a national or regional account program A national or regional account includes any customer that has employees or offices in two or more locations, or which qualifies for corporate pricing for services Except as provided below in the following paragraph, you may not solicit the locations of a national or regional account without our prior written consent We may condition our consent (although we need not grant our consent) on your agreement to comply with certain requirements, and we may withdraw our consent for any reason You may service the national or regional accounts in your Territory, but we may prohibit you from servicing these accounts if you do not attain minimum performance standards or you perform in a manner that damages our standing with a national or regional account If we withdraw our consent to your soliciting and/or servicing one or more national or regional accounts, you must stop all solicitation and servicing activity for that national or regional account(s) immediately

We will negotiate all terms, including services to be conducted and prices to be charged, with any national or regional account, and you must comply with any terms we agree to with the national or regional account If we retain the services of an account manager for any national or regional account for which you provide Services within your Territory, you must pay the national or regional account fee described in Item 6 to the account manager

There are no other circumstances that permit us to modify your territorial rights

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise We own the following trademarks ("Marks") which have been registered or applied for registration on the Principal Register of the United States Patent and Trademark Office ("USPTO")

Mark	Application Date	Serial Number	Registration Date	Registration Number
ATC (and design)	4/27/1989	73/796,257	1/9/1990	1,577,053
Around The Clock	9/21/2001	76/315,674	3/18/2003	2,697,283

You must follow our rules when you use the Marks You may not use any Mark (1) in your corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs, or symbols (except for those we license to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address, or search engine you maintain on any Website, or (5) in any other way we have not expressly authorized in writing We intend to file all affidavits when required to maintain our ownership of and interest in the Marks

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which may be relevant to their use in this state or in any other state

Under a settlement agreement ("Settlement Agreement") with Around the Clock Nursing, Inc , we have agreed indefinitely not to use or permit our franchisees to use the phrase "Around The Clock" (or any confusingly similar variation of this phrase) in Warren County, New Jersey, and in the following counties or parts of counties in Pennsylvania Lehigh, Northampton, Berks, Monroe, Carbon, Schuylkill, and those portions of Bucks and Montgomery counties north of Route 113 The Settlement Agreement may only be modified by a writing signed by both parties If the phrase "Around The Clock" is included in our existing or future Marks, the Settlement Agreement would significantly limit a franchisee's use of those Marks in those areas Except as described, there are no other agreements currently in effect which significantly limit our or our Parent's rights to use or license the use of the Marks

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks We may defend and/or indemnify you against any third party claim, suit or demand arising out of your use of the Marks under the Franchise Agreement

If we, in our sole discretion, determine that you have used the Marks in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us If we determine that you have not used the Marks in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours If there is any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts

There are no infringing uses actually known to us that could materially affect your use of the Marks in this state or elsewhere

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution under the Franchise Agreement

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents or registered copyrights that are material to the franchise

You must operate the Franchised Business in accordance with the standards and procedures specified in the Operations Manual One copy of the Operations Manual will be loaned to you by us for the term of the Franchise Agreement We may provide the Operations Manual in hard copy format or electronically, such as by CD-ROM or a password protected Website

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

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

We claim proprietary rights in certain of our methods of operation and procedures which are included in the Operations Manual and which are our trade secrets You and each of your owners are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business that may be communicated to you or any of your owners or that you may learn about, including these trade secrets You and each of your owners may divulge this confidential information only to your employees who must have access to it to operate the Franchised Business Neither you nor your owners are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person Any and all information, knowledge, know-how and techniques related to the System that we communicate to you are considered confidential The term "confidential information" includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Franchised Businesses, proprietary software, the negotiated terms of your Agreement with us, the Operations Manual, graphic designs and other intellectual property, and your client list

You must have all of your owners and employees sign confidentiality covenants similar to the ones described above (See Item 17)

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

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

You must at all times faithfully, honestly, and diligently perform your contractual obligations System Standards may regulate the staffing levels and employee qualifications, training, dress, and appearance of the Franchised Business You must participate in the day-to-day operation of the Franchised Business You may also hire a Franchised Business manager to assist you in overseeing the Franchised Business's daily operation You and the Franchised Business manager must satisfactorily complete our initial training and your Franchised Business manager must be approved by us The Franchised Business manager need not have an equity interest in the Franchised Business but must agree in writing to preserve confidential information to which he or she has access We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights All applicable employees of yours must be properly licensed, as required by applicable law All temporary and permanent placement employees you screen and we hire must at all times be properly licensed, credentialed and screened as required by applicable law and contractual obligations with clients

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete This Guaranty is part of the Franchise Agreement If we do not require one of your owners to sign the full Guaranty, that owner still must comply with all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner

If you employ any individual in a managerial position who is at the time employed in a managerial position by us or any of our affiliates, or by another of our franchisees, you must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your Franchised Business manager and each of your employees, and any holder of a beneficial interest in you (except for any limited partners) You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you (see Item 14) We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph (See Item 17)

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for ATC Healthcare Services Franchised Businesses Our System Standards may regulate required and authorized products and services and product and service categories We periodically may change required and/or authorized products and services and product and service categories There are no limits on our right to do so (See Items 8 and 12)

We may develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all ATC Healthcare Services Offices operating under the System You shall participate in all advertising and sales promotion programs in accordance with the terms and

conditions established by us for each program In all aspects of these programs, including the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final There is no set schedule for these programs, which will be offered approximately 1 or 2 times a year, as needed The cost we may charge for these advertising and sales promotion programs shall be proportional to your participation and size and shall not exceed $500 per program Your participation in the advertising and sales promotion programs may be applied toward satisfaction of your Local Advertising requirement

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

You may not accept any employment order, assignment or request that is (1) subject to or conditioned upon race, creed, color, religion, age, sex, national origin, disability, marital status, veteran status or in violation of any federal, state or municipal laws concerning employment discrimination, (2) in violation of any federal, state or municipal wage and hour law, the Fair Labor Standards Act, the Occupational Safety and Health Administration Act or any other law, act or regulation of any governmental body or accreditation organization to which we subscribe, (3) for temporary services related to heavy or light industry, temporary services for non-medical personnel, 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 (4) for any service which you have not been authorized by us to provide

You will also not accept, unless we give you prior written consent, any order for temporary staffing services (1) where the client is a firm in which you, or any member of your family, has a direct or indirect financial interest greater than 10%,; (2) from clients we have not approved for credit, from clients who have reached or exceeded credit limits, upon notification by us, from a client who has violated or is violating our rules and requirements about paying invoices, or from a client we reasonably believe has financial difficulties, (3) where we determine that a prospective client or category of prospective clients is a poor credit risk, from a client who is on "credit hold" by us, or from a client who has outstanding invoices from us which are over 90 days old, (4) where temporary employees will handle, control or have unsupervised access to valuable property, cash or negotiable securities, unless the client has signed an agreement we approve of, holding both us and you harmless from any liability or losses suffered as a result of the assignment, (5) from clients seeking to arrange payroll funding, employee leasing or similar/related programs, (6) where the services to be performed by the temporary employee are performed upon your business premises, or (7) where the client is not a health care user or provider

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this Disclosure Document

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	1	10 years

Provision	Section in Franchise Agreement	Summary
(b) Renewal or extension of the term	13	If we are still franchising and you are in good standing, you may renew your franchise for two additional terms of 10 years each
(c) Requirements for franchisee to renew or extend	13	You must provide notice that you wish to renew your Franchise Agreement, you must be current in all payments and not in default of your Franchise Agreement, if we require, you must renovate and/or upgrade your Franchised Business, you must sign release and sign renewal Franchise Agreement, you must pay renewal fee You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
(d) Termination by franchisee	Not applicable	The Franchise Agreement does not provide for this But you may seek to terminate on any grounds available to you by law
(e) Termination by franchisor without cause	Not applicable	We may not terminate your Franchise Agreement without cause
(f) Termination by franchisor with cause	14	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination
(g) "Cause" defined – curable defaults	14	Curable defaults include monetary defaults, failure to obtain required insurance or bonds, failure to comply with System Standards, and failure to pay minimum annual Royalty Fee

Provision	Section in Franchise Agreement	Summary
(h) "Cause" defined – non-curable defaults	14	Non-curable defaults include material misrepresentation or omission by you, failure to open Franchised Business on time, failure to complete training, abandonment, unapproved transfers, loss of required license, conviction of a felony or misdemeanor involving violence or moral turpitude, failure to maintain insurance, interference with our right to inspect, dishonest, illegal or unethical conduct, unauthorized use or disclosure of the Operations Manual or confidential information, repeated defaults (even if cured), bankruptcy, an assignment for the benefit of creditors, appointment of a trustee or receiver, violation of a non-compete restriction, uncured default under your lease, failure to pay amounts due, violation of any law, ordinance or regulation relating to terrorist activities or if assets, property or interests are "blocked" due to violations, failure to comply with any other provisions of the Agreement and failure not cured within required time
(i) Franchisee's obligations on termination/non-renewal	15	Obligations include paying outstanding amounts (which may include liquidated damages), complete de-identification, assignment of contracts to us or our designee, and returning confidential information (also see (o) and (r) below)
(j) Assignment of contract by franchisor	12	No restriction on our right to assign, we may assign without your approval
(k) "Transfer" by franchisee – defined	12	Includes transfer of Franchise Agreement, sale of Franchised Business's assets and ownership change
(l) Franchisor approval of transfer by franchisee	12	No transfer without our prior written consent
(m) Conditions for franchisor approval of transfer	12	New franchisee qualifies and signs required agreements, you pay us all amounts due, including transfer fee, outstanding loan amounts and delinquent accounts, provide notice of the transfer, you sign release
(n) Franchisor's right of first refusal to acquire franchisee's business	12	We may match any offer for your Franchised Business or an ownership interest in you
(o) Franchisor's option to purchase franchisee's business	15	We may purchase all or a portion of your Franchised Business after termination or expiration of your Franchise Agreement

Provision	Section in Franchise Agreement	Summary
(p) Death or disability of franchisee	12	Upon your death or disability, we may assign a manager to operate your Franchised Business or we may purchase the business from your personal representatives or estate for a set price
(q) Non-competition covenants during the term of the franchise	7	You and your owners may not participate in a competitive business in any capacity
(r) Non-competition covenants after the franchise is terminated or expires	15	No direct or indirect ownership interest in, or performing for, a competitive business for three years within 75 miles of any ATC Healthcare Services Franchised or Company owned Business in the System (same restrictions apply after transfer)
(s) Modification of the Agreement	17	No modifications generally, but we may make changes to the Operations Manual and System Standards
(t) Integration/Merger Clause	17	Only the terms of the Franchise Agreement are binding (subject to State law) Any representations or promises, either written or verbal, outside of the Disclosure Document and Franchise Agreement may not be enforceable
(u) Dispute resolution by arbitration or mediation	17	Except for certain claims, all disputes must be arbitrated in Nassau County, New York (subject to state law)
(v) Choice of forum	17	Nassau County, New York (subject to state law)
(w) Choice of law	17	Except for federal and state law, New York law governs (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise However, we reserve the right to use any public figure we choose in the future without your permission

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances

Actual results vary from Business to Business and we cannot estimate the results of any particular franchisee

We had a total of 23 franchisees operating ATC Healthcare Services businesses in 2017 The following sets of historical information represent an average of revenue achieved by our franchisees operating during the seven months ended 2017, and average revenue earned by franchisees broken out by sources of revenue We are not representing that you can expect to achieve these revenues in your first seven months of operation, or at any time during the term of your franchise agreement Your revenues and expenses may vary significantly depending on a number of factors, including the location of your Business and how you operate your Business

#1 – Seven Months Gross Revenue – All Reporting ATC Healthcare Services Businesses

Seven Months Gross Revenue					
Year	**Average**	**High**	**Low**	**% of Franchisees Above Average**	**# of Franchisees Above Average**
2017	$1,668 240	$6,704,532	$27,806	43 48%	10

Charts #2 - #5 below further break down the franchisee's total average annual gross revenue shown in Chart #1 above by type of facility, employee type, and client during 2017

#2 – Average Gross Revenue by Type of Facility*
All Reporting ATC Healthcare Services Businesses

Average Gross Revenue by Type of Facility - 2017			
Facility Type	**Average Number of Contracts**	**Average Gross Revenue Per Contract**	**Total Average Gross Revenue**
Hospitals	8 07	$65,876	$531,584
Physician Offices	4 89	$48,677	$238,189
Correctional Facilities	2 02	$112,415	$226,783
Nursing Homes	9 10	$69,894	$636,007
Other	2 32	$15,392	$35,677
TOTAL AVERAGE GROSS REVENUE (CHART #1)			$1,668,240

* The majority of facilities use our Service Agreement that has a one year term with automatic renewals The majority of these contracts automatically renew each year A "facility" is a stand-alone hospital, nursing home or medical facility, or the actual facility that is being serviced under a Service Agreement with us as part of a larger group of hospitals, nursing homes or medical facilities

#3 – Average Gross Revenue by Employee Type
All Reporting ATC Healthcare Services Businesses

Average Gross Revenue by Employee Type - 2017				
Employee Type	**Average Number of Employees**	**Average Gross Revenue Per Employee**	**Total Average Gross Revenue**	**Percent of Total Average Gross Revenue**
Registered Nurse	33 04	$18,830	$616,490	36 95%
Licensed Professional Nurse	28 22	$13,207	$369,259	22 13%
Certified Nursing Assistant	62 74	$7,741	$481,190	28 84%
Other	16 26	$12,494	$201,301	12 07%
TOTAL AVERAGE GROSS REVENUE (CHART #1)			$1,668,240	100%

#4 – Average Gross Revenue by Employee Type and Client
All Reporting ATC Healthcare Services Businesses

Average Gross Revenue by Employee Type and Client - 2017				
Employee Type	**Average Number of Contracts**	**Average Hours Billed Per Client Contract**	**Average Gross Revenue Per Client Contract**	**Total Average Gross Revenue**
Registered Nurse	16 78	589	$37,074	$616,490
Licensed Professional Nurse	10 39	926	$35,864	$369,259
Certified Nursing Assistant	12 30	1,855	$39,469	$481,190
Other	3 43	2,967	$59,149	$201,301
TOTAL AVERAGE GROSS REVENUE (CHART #1)				$1,668,240

#5 – Average Franchisee Gross Margin Percent

Average Franchisee Gross Margin Percent*					
Year	**Average Gross Margin Percent**	**High**	**Low**	**% of Franchisees Above Average**	**# of Franchisees Above Average**
2017	22 24%	28 46%	3 61%	52 17%	12

*"Gross margin percent", as used in this chart, means total revenue less direct costs (described in Item 6), divided by total revenue

A portion of the total annual gross revenue of our franchisees described in chart #1 is derived from Government Contracts we have signed We have a Federal Supply Schedule (FSS) contract that has been in place for 14 49 years, it is a renewal contract with a five year term, scheduled to expire July 31, 2018 This renewal contract is for provision of all nurse specialties and most allied health disciplines The predominant clients under these contracts include Veterans Administration (VA) Hospitals and Indian Health Services In addition to the FSS, we have entered into several other contracts with federal and

state agencies with terms of one year and with two to three optional renewals (depending on the contract) The FSS and all other contracts we sign with Federal and State agencies are referred to as "Government Contracts" As of September 30, 2017, all Government Contracts have been renewed

We retain the right to provide any services under the Government Contracts provided that we will first offer you the opportunity to provide the services under the Government Contracts for clients located in your Territory on the terms and conditions that we have established under the Government Contracts

Chart #6 below sets forth the average gross revenue earned by our franchisees from Government Contracts and the percentage to total gross revenue

#6 –Annual Gross Revenue from Government Contracts
All Reporting ATC Healthcare Services Businesses

Annual Government Gross Revenue						
Year	**Average Government Gross Revenue**	**% of Total Gross Revenue**	**High**	**Low**	**% of Franchisees Above Average**	**# of Franchisees Above Average**
2017	$417,408	25 02%	$2,173,452	$ -0-	30 43%	7

Chart #7 below is a more detailed representation of the percent of revenue franchisees received from government contracts during 2017 By way of example, in 2017 73 91% of all franchisees received 1% - 10% of their total revenue from Government Contracts

#7 – Percent of Total Revenue Franchisees Received from Government Contracts

Percent of revenue Franchisees received from Government Contracts	**Percent of Franchisees who received revenue from Government Contracts**	**Number of Franchisees who received revenue from Government Contracts**
	2017	**2017**
1% - 10%	73 91%	17
Over 10%	47 83%	11
Over 20%	43 48%	10
Over 30%	39 13%	9
Over 40%	26 09%	6
Over 50%	21 74%	5
Over 60%	13 04%	3
Over 70%	4 35%	1
Over 80%	4 35%	1
Over 90%	0 00%	0

Chart #8 shown below breaks down the annual average gross revenue shown in Chart #6 above for the types of employees placed with clients during 2017

#8 – Average Government Gross Revenue by Employee Type and Client
All Reporting ATC Healthcare Services Businesses

Average Government Gross Revenue by Employee Type and Client - 2017			
Employee Type	**Average Number of Contracts**	**Average Government Gross Revenue Per Client Contract**	**Total**
Registered Nurse	1 96	$55,365	$108,323
Licensed Professional Nurse	1 65	$57,865	$95,602
Certified Nursing Assistant	87	$125,172	$108,845
Other	48	$218,789	$104,638
TOTAL AVERAGE GOVERNMENT GROSS REVENUE (CHART #2)			$417,408

Some outlets have earned the amounts shown above Your individual results may differ There is no assurance that you'll earn as much

The figures used in this statement are average revenues only Net income will vary from Business to Business depending upon factors such as rental or real estate costs, costs of goods sold, labor costs and other costs relating to the operation of the Business

These Businesses offered substantially the same products and services to the public as you will We process all invoices and payments for these Businesses Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request The information presented above has not been audited

There is no assurance that any particular percentage of your Business's revenues will be attributable to government contracts

You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business Franchisees or former franchisees, listed in the disclosure document, may be one source of this information

Other than the preceding financial performance representations, ATC does not make any financial performance representations 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 David Savitsky, ATC Healthcare Services, Inc , located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 and phone (516) 750-1600, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For Fiscal Years Ended February 29, 2016, February 28, 2017 and September 30, 2017

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	02/2016	41	32	-9
	02/2017	32	31	-1
	09/2017	31	25	-6
Company-Owned	02/2016	1	11	+10
	02/2017	11	8	-3
	09/2017	8	11	+3
Total Outlets	02/2016	42	43	+1
	02/2017	43	39	-4
	09/2017	39	36	-3

The Franchised Outlets reflected in the above table includes existing licensees in the System

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years Ended February 29, 2016, February 28, 2017 and September 30, 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
CA	02/2016	1
	02/2017	1
	09/2017	0
Total	02/2016	1
	02/2017	1
	09/2017	0

Table No 3
Status of Franchised Outlets
For Fiscal Years Ended February 29, 2016, February 28, 2017 and September 30, 2017

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
AL	02/2016	5	0	0	0	3	0	2
	02/2017	2	0	0	0	0	0	2
	09/2017	2	0	0	0	0	1	1
AZ	02/2016	1	0	0	0	0	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	0	0	0	1	0	0
CA	02/2016	7	0	0	0	2	0	5
	02/2017	5	0	0	0	1	0	4
	09/2017	4	1	0	0	2	0	3
DC	02/2016	1	0	0	0	1	0	0
	02/2017	0	0	0	0	0	0	0
	09/2017	0	0	0	0	0	0	0
FL	02/2016	2	0	0	0	1	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	0	0	0	0	0	1
GA	02/2016	2	1	0	0	0	0	3
	02/2017	3	0	0	0	0	0	3
	09/2017	3	0	0	0	0	0	3
IL	02/2016	2	0	0	0	0	0	2
	02/2017	2	0	0	0	0	0	2
	09/2017	2	0	0	0	1	0	1
IN	02/2016	2	0	0	0	0	0	2
	02/2017	2	0	0	0	0	0	2
	09/2017	2	0	0	0	0	0	2
MD	02/2016	1	0	0	0	0	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	0	0	0	0	0	1
MI	02/2016	1	0	0	0	0	0	1
	02/2017	1	0	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	09/2017	1	0	0	0	0	0	1
MO	02/2016	1	0	0	0	0	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	0	1	0	0	0	0
NC	02/2016	1	0	0	0	0	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	0	0	0	0	0	1
NJ	02/2016	2	0	0	0	1	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	0	0	0	0	0	1
NY	02/2016	1	0	0	0	0	0	1
	02/2017	1	1	0	0	1	0	1
	09/2017	1	0	0	0	0	0	1
OH	02/2016	3	0	0	0	0	0	3
	02/2017	3	0	0	0	0	0	3
	09/2017	3	0	0	0	0	0	3
PA	02/2016	2	0	0	0	0	0	2
	02/2017	2	0	0	0	0	0	2
	09/2017	2	0	0	0	0	0	2
SC	02/2016	2	0	0	0	0	0	2
	02/2017	2	0	0	0	0	0	2
	09/2017	2	0	0	0	1	0	1
TN	02/2016	2	0	0	0	2	0	0
	02/2017	0	0	0	0	0	0	0
	09/2017	0	0	0	0	0	0	0
TX	02/2016	1	0	0	0	0	0	1
	02/2017	1	0	0	0	0	0	1
	09/2017	1	1	0	0	0	1	1
VA	02/2016	2	0	0	0	0	0	2
	02/2017	2	0	0	0	0	0	2
	09/2017	2	0	0	0	0	0	2
Total	02/2016	41	1	0	0	10	0	32

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	02/2017	32	1	0	0	2	0	31
	09/2017	31	2	1	0	6	1	25

Table No 4
Status of Company-Owned Outlets
For Fiscal Years Ended February 29, 2016, February 28, 2017 and September 30, 2017

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
AL	02/2016	0	0	3	0	0	3
	02/2017	3	0	0	0	0	3
	09/2017	3	0	0	2	0	1
AZ	02/2016	0	0	0	0	0	0
	02/2017	0	0	0	0	0	0
	09/2017	0	0	1	0	0	1
CA	02/2016	1	0	2	0	0	3
	02/2017	3	0	1	0	0	4
	09/2017	4	0	2	0	1	5
DC	02/2016	0	0	1	0	0	1
	02/2017	1	0	0	1	0	0
	09/2017	0	0	0	0	0	0
FL	02/2016	0	0	1	0	0	1
	02/2017	1	0	0	1	0	0
	09/2017	0	0	0	0	0	0
IL	02/2016	0	0	0	0	0	0
	02/2017	0	0	0	0	0	0
	09/2017	0	0	1	0	0	1
MO	02/2016	0	0	0	0	0	0
	02/2017	0	0	0	0	0	0
	09/2017	0	0	1	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
NJ	02/2016	0	0	1	0	0	1
	02/2017	1	0	0	1	0	0
	09/2017	0	0	0	0	0	0
NY	02/2016	0	0	0	0	0	0
	02/2017	0	0	1	0	0	1
	09/2017	1	0	0	0	0	1
SC	02/2016	0	0	0	0	0	0
	02/2017	0	0	0	0	0	0
	09/2017	0	0	1	0	0	1
TN	02/2016	0	0	2	0	0	2
	02/2017	2	0	0	2	0	0
	09/2017	0	0	0	0	0	0
Total	02/2016	1	0	10	0	0	11
	02/2017	11	0	2	5	0	8
	09/2017	8	0	6	2	1	11

Table No 5
Projected Openings as of September 30, 2017

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
California	0	1	0
Colorado	0	1	0
Florida	0	1	0
Indiana	0	0	0
Massachusetts	0	2	0
Michigan	0	1	0
New Jersey	0	2	0
Nevada	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	0	2	0
Washington DC	0	1	0
Washington	0	1	0
Total	0	10	0

A list of the names of all franchisees and the addresses and telephones numbers of their Franchised Businesses will be provided in Exhibit E to this Disclosure Document when applicable

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

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the ATC Healthcare Services System

There are no trademark-specific organizations formed by our franchisees that are associated with the ATC Healthcare Services System

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D to this Disclosure Document are our audited financial statements for the fiscal years ending, February 28, 2015, February 28, 2016 and February 29, 2017

The Guaranty of Performance by ATC Healthcare, Inc , our parent company and Guarantor, is absolute and unconditional and is attached to this Disclosure Document in Exhibit D-1

Our fiscal year end is February 28th

ITEM 22
CONTRACTS

The following agreements are exhibits

Franchise Agreement and Exhibits – Exhibit C
Form of General Release – Exhibit I

ITEM 23
RECEIPTS

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

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process We may not yet be registered to sell franchises in any or all of these states

If a state is not listed, ATC Healthcare Services, Inc has not appointed an agent for service of process in that state in connection with the requirements of franchise laws There may be states in addition to those listed above in which ATC Healthcare Services, Inc has appointed an agent for service of process

There may also be additional agents appointed in some of the states listed

CALIFORNIA California Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities & Franchised Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII (state administrator) Franchised Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 373-7117 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P O Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St Paul, Minnesota 55101-2198 (651) 296-6328 (for service of process) Minnesota Commissioner of Commerce

NEW YORK Administrator Attention Barbara Lasoff Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Agent for Service Attention UCC New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Securities Division Department of Franchised Business Regulation, Bldg 69, First Floor John O Pastore Franchised Business 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733

WASHINGTON (state administrator) Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501 (360) 902-8760 (for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 345 W Washington Ave , 4th Floor Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 345 W Washington Ave , 4th Floor Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement contains provisions that are 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 contains covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker 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

6 The franchise agreement requires binding arbitration The arbitration will occur in New York with the costs being borne by the franchisee and franchisor 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 Business and Professions Code Section 20040 5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act Section 20040 5 may still apply to any provision relating to judicial proceedings A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability

7 The Franchise Agreement requires application of the laws of New York This provision may not be enforceable under California law

8 You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9 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

10 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

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

12 The Franchise Agreement contains a waiver of jury trial clause This clause may not be enforceable under California law

13 OUR WEBSITE, www atchealthcare com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1 The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself

> Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act') states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void, provided that a franchise agreement may provide for arbitration in a forum outside of this State " This Section of the Act replaces any contradictory language contained in the Franchise Agreement

2 Illinois law governs the Franchise Agreement

3 Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code "

4 Under Illinois law at 200 608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law" The appropriate sections of the Franchise Agreement are amended accordingly

5 The Franchise Agreement is amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred

6 Item 17(g) of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days

7 In the state of Illinois, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied The initial franchise fee and development fee are deferred until you open your business and it is operating The Office of the Illinois Attorney General has imposed the deferral requirement due to the Franchisor's current Financial condition The Deferral of the initial franchise fees shall remain in effect until 1) Franchisor's obligations to assist Franchisee in establishing his/her franchise business are fulfilled and 2) Franchisee has commenced doing business

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests The appropriate sections of the Franchise Agreement are hereby amended

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for ATC Healthcare Services, Inc 's Franchise Disclosure Document and for its Franchise Agreement The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 11 of the Franchise Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund as required by Maryland Franchise Registration and Disclosure Law, by requesting same in a written request to Franchisor

3 Item 17 of the Franchise Disclosure Document and the appropriate section of the Franchise Agreement shall be amended to state that, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement are hereby amended to state that a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 The Franchise Agreement is hereby amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise 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

7 The Franchisee disclosure acknowledgment statement is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

8 Item 5 of the Franchise Disclosure Document and the Franchise Agreement are amended to state that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement

DISCLOSURE 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

(a) A prohibition on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document effectively amends and revises said Disclosure Document and Franchise Agreement as follows

1 Item 13 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

> 'Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 The Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 The Franchise Agreement section regarding Limitations of Claims is hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Item 6, Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

9 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required The Franchise Agreement is hereby amended accordingly

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

3 LITIGATION

Neither the Franchisor, its Predecessor nor any person listed under Item 2 or an affiliate offering franchises under Franchisor's principal trademark

(A) 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) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten 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, anti-fraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices, or comparable allegations

(C) 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, except as follows

Pending Litigation

None

Completed Litigation

1 *Securities and Exchange Commission in the matter of ATC Healthcare, Inc* (Administrative Proceeding File No 3-14245) In February 2011, the SEC initiated these proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934 Without admitting or denying any findings in this proceeding, we have reached a settlement with the SEC and registration of shares of our stock, formerly traded on the Pink Sheets under the symbol "AHNA", have been revoked

2 *Roaring Fork Capital SBIC, L P v ATC Healthcare Inc , et al* (District Court, City and County of Denver, Colorado, Case No 2010-cv-1247) In February 2010, Plaintiff, a former investor in

ATC Healthcare, Inc , filed two virtually identical lawsuits against ATC, and some of its current and former officers and directors, in the Colorado federal and state courts Plaintiff's complaints allege violations of the federal Securities Exchange Act, the Colorado Securities Act, and the common law tort of negligent misrepresentation Plaintiff bases its claim on eight alleged accounting and controls issues Defendant believes that Plaintiff's case parallels Defendants accounting malpractice action filed in New York against Defendant's former auditors The defendants filed motions to dismiss the federal case, which have been granted, and Plaintiff has withdrawn its claims against former officers and directors of Defendant, except David Savitsky and Andrew Reiben On May 21, 2012 the parties entered into a memorandum of understanding outlining the essential terms and conditions of an agreement in principle where the Defendants' officer's liability insurance policy will pay the Plaintiff the amount agreed upon by the parties in full settlement of the matter

4 BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten year period immediately before the date of the disclosure document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code (or any comparable foreign law), (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership, except as follows

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity The information contained in this disclosure has not been verified by the State If you have any questions about this investment, see an attorney before you sign a contract or agreement

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled (N C G S §66-95)

ADDENDUM TO THE ATC HEALTHCARE SERVICES, INC DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document and Franchise Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document and Section 13 of the Franchise Agreement requires the franchisee to sign a general release upon renewal of the franchise agreement The Commissioner has determined this to be unfair, unjust and inequitable with the intent of Section 51-19-09 of the North Dakota Franchise Investment Law Please delete the provision each place it appears in the offering circular and agreements used in North Dakota

2 Item 17(i) of the Disclosure Document and Section 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North

Dakota Franchise Investment Law Please delete the provision each place it appears in the offering circular and agreements used in North Dakota.

3 Item 17(r) of the Disclosure Document and Section 15 of the Franchise Agreement discloses the existence of certain covenants restricting competition to which franchisees must agree The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law

I suggest that the following language be added to these items "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota "

4 Item 17(u) of the Disclosure Document and Section 17 of the Franchise Agreement provides that the franchisee must agree to the arbitration or mediation of disputes, such arbitration or mediation to be held in Nassau County, New York The Commissioner has determined that franchise agreements, which provide that parties agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business are unfair, unjust, or inequitable with the intent of Section 51-19-09 of the North Dakota Franchise Investment Law I suggest that this provision be amended to provide the site of arbitration or mediation be agreeable to all parties

5 Item 17(v) of the Disclosure Document and Section __ of the Franchise Agreement provides that franchisees must consent to the jurisdiction of courts in Nassau County, New York The Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law I suggest that this provision be deleted

6 Item 17(w) of the Disclosure Document and Section __ of the Franchise Agreement provides that the agreement shall be construed according to the laws of the State of New York Apart from civil liability as set forth in Section 51-19-12 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 is unfair to franchise investors to require them to waive their rights under North Dakota Law

The Commissioner has held that franchise agreements, which specify that they are to be governed by 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 I suggest that either this provision be deleted or the word ' New York" be replaced with the words "North Dakota"

7 Section 17 of the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law Please delete the provision each place it appears in the offering circular and agreements used in North Dakota

8 Section 17 of the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law Please delete the provision each place it appears in the offering circular and agreements used in North Dakota

9 Section 17 of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law I suggest this provision be changed to read the statute of limitations under North Dakota Law will apply

10 Section 17 of the Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law I suggest that this provision be changed to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees

In the State of North Dakota, we will defer the payment of the initial franchise fee, development fee and any other initial payment until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

ATC HEALTHCARE SERVICES, INC

_____
Witness

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 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 of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ATC Healthcare Services, Inc for use in the Commonwealth of Virginia shall be amended as follows

1 Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of 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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

ATC HEALTHCARE SERVICES, INC

_____
Witness

By _____
Name _____
Title _____

FRANCHISEE

Witness

EXHIBIT C TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

ATC HEALTHCARE SERVICES, INC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE OF AGREEMENT

☐ Single Unit Franchise
☐ Multiple Unit Discount Package

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of this __ day of _____, 20__, by and between ATC Healthcare Services, Inc , a Georgia corporation whose principal business address is 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 ("we", "us" or "our") and _____, whose principal business address is _____ ("you" or "your")

ARTICLE 1
PREAMBLES AND GRANT OF FRANCHISE

1.1 Preambles

1 1 1 We and our affiliate have designed and developed a method of developing and operating a business that provides medical professional temporary and permanent staffing solutions to healthcare facilities (the "Services") The businesses ("ATC Healthcare Services Office" or "Office") have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time Our system (the "System") includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time

1 1 2 We and our affiliate have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating ATC Healthcare Services Offices, including "ATC Healthcare Services," which have gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating ATC Healthcare Services Offices (collectively, the "Marks" or "Proprietary Marks")

1 1 3 We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to own and operate an ATC Healthcare Services Office offering the products and services we authorize and using our System

1 1 4 You have applied for a franchise to own and operate an ATC Healthcare Services Office, and we have approved your application relying on all of your representations, warranties and acknowledgments contained in such application and this Agreement

1 2 Grant of Franchise, Term

Subject to the terms of this Agreement, we grant you a franchise (the "Franchise") to operate as an ATC Healthcare Services Office at the ' Site" identified on Exhibit B, and to use the Marks and the System in its operation, for a term beginning on the date of this Agreement and expiring ten (10) years from that date, unless sooner terminated as provided herein You may not relocate the Office without our prior written consent You shall not provide Services to clients outside of the Territory (as defined in Exhibit B hereto) You shall not offer or sell any products or services by catalog, direct mail, telephone order, by use of electronic means (e g , the Internet), or in any other medium not approved in writing by us

The Services your Office may provide include medical professional temporary and permanent staffing solutions to healthcare facilities and providers, such as hospitals, nursing homes, hospices and medical clinics Your Office may also provide travel healthcare associates within your Territory, but you acknowledge and understand that our affiliate, ATC Travelers, has the right to place travel healthcare associates anywhere in the United States, including within your Territory, and in such event you shall not

be entitled to any portion of the revenue from ATC Travelers' placement Your Office may not offer or provide medical administrative staffing, home care personnel services, private care nurse placement, 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

1 3 Protective Territorial Rights

Upon our approval of the Site for your Office, we will describe your Territory in Exhibit B hereto The Territory may be described in terms of contiguous zip codes, street boundaries, town boundaries or similar boundaries, and may be depicted on a map attached to Exhibit B Except as limited by Section 1 4 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another ATC Healthcare Services Office at a location within the Territory during the term of this Agreement Nothing herein shall be deemed to restrict (a) ATC Travelers' right to place travel healthcare associates at any location throughout the United States, (b) ATC Physician Services' right to place physicians at any location throughout the United States, or (c) Carebuilders At Home's right to place in-home non-medical personnel at any location throughout the United States

1 4 Rights Reserved to Us

Except as expressly limited by Section 1 3 above, we and our affiliates retain all rights with respect to ATC Healthcare Services Offices, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to

1 4 1 the right to offer and sell and to grant others the right to offer and sell the products and services offered at Offices, both within and outside the Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate,

1 4 2 the right to operate and to grant others the right to operate Offices located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Office,

1 4 3 the right to provide temporary travel healthcare associate placement at any location, including within your Territory,

1 4 4 the right to provide, and to grant others the right to provide, non-medical in-home care providers on a temporary or permanent basis at any location, including within your Territory, and using any trademarks, including the Marks,

1 4 5 the right to acquire and operate a business operating one or more occupational medicine businesses located or operating in your Territory, but if one of these businesses is located within your Territory, it will not operate using the Marks, and

1 4 6 the right, at any time, to establish a separate system and franchise offering different services and/or products under different trademarks, trade names and logos, without your consent Nothing in this Agreement obligates us to notify you of our establishment of a new franchise opportunity or to offer you the opportunity or right to purchase the new franchise opportunity

1 5 National or Regional Accounts

Except as provided below, and subject to other policies and procedures set forth in our Confidential Operations Manual, and in the event we develop a national or regional account program, you may not solicit or service the locations of a National or Regional Account (as defined below) without our prior written consent We have the right to condition our consent (although we are not obligated to grant our consent) on your agreement to comply with certain requirements and we have the right to withdraw our consent for any or no reason as we deem appropriate If we withdraw our consent to your soliciting and/or servicing one (1) or more National or Regional Accounts, you must cease all solicitation and servicing activity with respect to that National or Regional Account(s) immediately

We retain the right under all circumstances to provide any services to any National or Regional Account location, wherever operated, provided, however, that where you have exclusive authority under this Agreement to offer and sell through your Franchised Business the services that we would like to provide to the National or Regional Account's locations, we first will offer you the opportunity to provide those services to the locations of the National or Regional Account on the terms and conditions that we have established with the National or Regional Account If you fail to accept the offer in the manner we specify, we have the right, or may authorize other franchisees or third parties, to provide those services to the locations of the National or Regional Account The term "National or Regional Account" means any customer that has employees or offices in two (2) or more locations, or which qualifies for corporate pricing for services Nothing in this Section is intended to require you to participate in any National or Regional Account program You are not permitted to negotiate cost of the approved products and services with a National or Regional Account without our prior consent If we engage an account manager for any National or Regional Account for which you provide Services, you agree to pay such account manager's then-current fee for its management of the National or Regional Account contract

You understand and acknowledge that, due to the nature of our National or Regional Account program, you will not be the exclusive provider of Services to a National or Regional Account You, we, our affiliates and/or other franchisees in the System may provide Services to a National or Regional Account depending on the National or Regional Account's needs, contract requirements, locations, your or any other franchisee's participation in the National or Regional Account program, and other factors We reserve the right to designate a specific contact, which may be you or another franchisee in the System, as the main contact for a National or Regional Account If you are designated to be a main contact, you shall comply with all of our requirements in so acting

1 6 Quick Pay Program

We have developed, for use by ATC Healthcare Services Offices, a quick pay program ("Quick Pay Program") through which we provide pay advances to the healthcare associates placed by your Office of up to Five Hundred Dollars ($500) each week Quick Pay Program checks and e-card advances are drawn on our account and will be treated as a direct cost to you, as described in Section 3 2 below In order to participate in our Quick Pay Program, you must agree to comply with the guidelines and requirements of this program, as contained in our Operations Manual and as they may be updated and/or modified from time to time, you must sign our form agreeing to comply with such guidelines and requirements, and you must obtain and maintain the fidelity bond that we require for participation in the program If you fail to obtain the required fidelity bond or if you fail to comply with the Quick Pay Program's guidelines and requirements, as they may be updated, we have the right to immediately terminate your participation in this program

1 7 Minimum Revenue Requirements

You must achieve a certain level of revenue each year to maintain your rights to your Territory,

as follows

Contract Year	Minimum Revenue
First Contract Year	$250,000
Second Contract Year	$500,000
Third Contract Year	$750,000
Fourth Contract Year	$1,000,000
Fifth Contract Year and for Remaining Term of the Franchise Agreement	Previous Year's Minimum + 5% (but not more than $2,500,000)

If you do not achieve these minimum revenue amounts then you must pay to us the balance of the minimum annual Royalty Fee, as described in Section 3 2 below We do not guarantee that you will be able to meet the minimum required revenue amounts described above or that your Office will achieve any level of revenue or profitability

ARTICLE 2
SITE SELECTION AND OPENING OF BUSINESS

2 1 Approval of Site and Lease

You shall obtain our written approval of any proposed site for the Office in accordance with our procedures, which approval will not be unreasonably withheld Within thirty (30) days after you execute this Agreement, you will submit to us the information that we require in order to evaluate the proposed site for your Office You acknowledge that in approving a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics, traffic patterns, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the exclusivity granted to other franchisees of ours, the site's size, its appearance, and other physical characteristics

Within thirty (30) days after our receipt of all information we require concerning the proposed site, we will approve or disapprove the site you propose for the operation of the Office by giving written notice to you Unless we provide our specific approval of your proposed site, the site is deemed not approved We will not unreasonably withhold our approval of a proposed site that meets our standards and specifications for an ATC Healthcare Services Office Upon our approval of a proposed site for the Office, the address of the Office will be inserted on Exhibit B to this Agreement

You hereby acknowledge and agree that our approval of the Site does not constitute an expressed or implied assurance, representation or warranty of any kind as to the suitability of the site for an ATC Healthcare Services Office or for any other purpose Our approval of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of evaluation We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance or other measures You further acknowledge and agree that your acceptance of a Franchise for the operation of the Office at the Site is based on your own independent investigation of the suitability of the Site

Before you may execute a lease for the Site, you must submit the lease to us for our review and approval Our approval will not be unreasonably withheld At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached to this Agreement as Exhibit H

2 2 Operating Assets

You agree to use in developing and operating the Office only those items that we approve in writing from time to time for ATC Healthcare Services Offices as meeting our specifications and standards for quality, design, appearance, function and performance ("Operating Assets") A list of Operating Assets is included in the Operations Manual and is subject to change from time to time You agree to place or display at the Site (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing from time to time If we require, you must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers we designate or approve from time to time (which may include or be limited to us and/or our affiliates) If you desire to use any Operating Asset that we have not yet evaluated, you may submit such Operating Asset for our consideration by following the procedure set forth in Section 8 3

2 3 Computer System

You agree to use in operating the Office the computer equipment and software, including electronic medical records software (collectively, the ' Computer System"), that we specify from time to time We may periodically modify specifications for and components of the Computer System Our modification of specifications for the Computer System and/or other technological developments or events may require you to purchase, lease and/or license new or modified, equipment, computer hardware and/or software and to obtain service and support for the Computer System Although we cannot estimate the future costs of the Computer System, you agree to incur the costs of obtaining the equipment or the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support We have no obligation to reimburse you for any Computer System costs Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and to ensure that your Computer System, as modified, is functioning properly

Notwithstanding the fact that you must buy, use and maintain the Computer System under our standards and specifications, you will have sole and complete responsibility (including, without limitation, responsibility for the cost thereof) for (1) the acquisition, operation, maintenance and upgrading of the Computer System, (2) the manner in which your Computer System interfaces with our computer system and those of other third parties, and (3) any and all consequences that may arise if the system is not properly operated, maintained and upgraded You agree to maintain, at all times during the term of this Agreement, a high speed internet connection for your Computer System

We will designate certain software that you must use in connection with your Computer System We currently provide our franchisees with staffing software that will allow you to schedule, track employees, clients and orders We use this software to generate billing for your clients and payroll for the temporary healthcare employees you place with clients You must also purchase office productivity and accounting software as we require The testing software for testing new temporary employee candidates is provided via an on-line service We reserve the right to modify our requirements at any time

2 4 Opening

You agree not to open the Office for business until

2 4 1 all persons that we require satisfactorily complete pre-opening training,

2 4 2 the initial franchise fee and all other amounts then due to us have been paid,

2 4 3 you give us certificates for all required insurance policies or other evidence of insurance coverage and premium payment that we request, and

2 4 4 you provide us with copies of all licenses, permits and certifications required for the Office's proper operation

You agree to comply with these conditions and open the Office for business within thirty (30) days after the Site for your Office has been approved by us Time is of the essence If you fail to open your Office within the timeframe required herein, except for delay caused by circumstances outside of your control, we have the right to terminate this Agreement without providing you with a refund of any monies you have paid to us, unless we agree to provide you with an extension of the timeframe to open

2 5 Multiple Unit Discount Package

If this Agreement is for the purchase of three (3) Offices under our multiple unit discount package, then you and we shall agree on the area in which each Office shall be located and the timeframe for the development of each Office

We reserve the right, in our sole discretion, to permit you to establish virtual satellite Offices within the area in which each Office shall be located A virtual satellite Office is an ATC Healthcare Services Office that does not have a "brick and mortar" office location If you wish to establish a virtual satellite Office, you must request our consent in writing Our consent will not be unreasonably withheld and will be determined on a case by case basis If we permit another franchisee in the System to establish a virtual satellite Office, nothing in this Agreement will require us to grant you a similar right

ARTICLE 3
FEES

3 1 Initial Franchise Fee

In the states of Minnesota, Rhode Island, South Dakota and Washington, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

In the state of Illinois only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied. The initial franchise fee and development fee are deferred until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement

Based upon our financial condition, the Maryland Securities Commissioner requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating

You agree to pay us, upon execution of this Agreement, a nonrecurring and non-refundable initial franchise fee as set forth below The initial franchise fee is due in a lump sum upon your execution of this Agreement, and is fully earned by us when received

☐ This Franchise Agreement is for the purchase of one (1) ATC Healthcare Services Office, and the initial franchise fee payable hereunder is Forty-Five Thousand Dollars ($45,000)

☐ This Franchise Agreement is for the purchase of three (3) ATC Healthcare Services Offices under our multiple unit discount package, and the initial franchise fee payable hereunder is One Hundred Thousand Dollars ($100,000) We reserve the right to (a) require you to execute a separate Franchise Agreement for each Office to be established hereunder, provided, however, that no initial franchise fee shall be payable for the second (2nd) and third (3rd) Offices, or (b) execute updated forms of Exhibit B hereto reflecting the location and Territory of the additional Offices being purchased hereunder You understand and acknowledge that, if we do not require you to execute separate Franchise Agreements, all provisions, duties and obligations set forth in this Agreement shall apply to all Offices designated on Exhibit B hereto

3 2 Royalty Fee

You agree to pay us a Royalty fee ("Royalty Fee") each month throughout the term of this Agreement for your provision of the Services to clients during the previous month The Royalty Fee payable will be forty-five percent (45%) of the gross margin on total revenue, except for permanent placement revenue, where royalty is 30%

For purposes of determining the Royalty Fee you will pay in any particular month, we will first calculate your gross margin Gross margin is determined by subtracting Direct Costs (described below) from your total revenue for that month

Direct costs include salaries and bonuses for the employees you place and associated taxes, fringe benefits, and insurance, housing expenses and allowances for placed employees, if applicable, sales and similar taxes, expenses related to the Quick Pay Program, if you participate in such program, your portion of any delinquent invoices related to your Office, and any documented credits, rebates, allowances or discounts granted to the client, as further described in Section 3 9 below (' Direct Costs") We refer to the balance that is paid to you as your "Balance Payable " We further reserve the right to deduct from your Balance Payable any amount we have incurred or paid on your behalf, such as for drug testing kits, access to employment databases, and other similar items

All billing and receipts for your Office will be processed by us Within sixty (60) days after the end of each month, we will provide you with a report of the total revenue from your Office, itemizing the Royalty Fee paid to us and Direct Cost adjustments We will deduct the Royalty Fee, Brand Development Fee (if applicable) and Direct Costs payable to us and pay the Balance Payable to you If our calculation shows that the amount of revenue paid by clients is less than the Royalty Fee, Brand Development Fee (if applicable) and total Direct Costs, then you agree to pay to us any amount owed We may make payments to you by check or electronic funds transfer We may make collections from you for amounts you owe to us by reducing your Balance Payable or by your direct payment to us (by

electronic funds transfer or check) You understand and acknowledge that we will pay the Balance Payable to you although we may not have received payment from your clients, provided, however, that we will establish a reserve program, as described below, for accounts that have aged for ninety (90) days You agree to execute and deliver any documents we require evidencing our absolute ownership of Accounts Receivable for your Office

We will establish a reserve program ("Accounts Receivable Reserve Program") which may be detailed and modified by us from time to time and to include the reserves established under such program Under the Accounts Receivable Reserve Program, a reserve will be established with respect to accounts receivable over ninety (90) days old Unapplied credits for specific clients will be fully deducted from delinquent accounts receivable when the calculation is made

You understand and acknowledge that you are required to pay a minimum annual Royalty Fee each year during the term of this Agreement For purposes of determining the minimum annual Royalty Fee you must pay, each year ends on the anniversary of this Agreement and the minimum annual Royalty Fee is as follows

Period	**Minimum Annual Royalty Fee**
First Contract Year	$25,000
Second Contract Year	$50,000
Third Contract Year	$75,000
Fourth Contract Year	$100,000
Fifth Contract Year and for the Rest of the Term of the Franchise Agreement	Previous Year's Minimum + 5% (Not to exceed $250,000 per year during the Initial Term)

Within sixty (60) days after each anniversary date of this Agreement, we will advise you whether you have paid the minimum annual Royalty Fee for the previous year If you did not, we will advise you of the balance of the minimum annual Royalty Fee that is payable to us and the date this payment will be deducted from the Balance Payable If the Balance Payable is insufficient to pay the balance of the minimum annual Royalty Fee that is due, then you agree to pay such balance to us within ten (10) days after our notice to you You understand and acknowledge that we do not represent, warranty or guaranty that you will be able to achieve the total revenue amount necessary to pay the minimum annual Royalty Fee or that your Office will achieve any level of revenue or profitability

3 3 Brand Development Fee

You understand and acknowledge that we have the right, but not the obligation, to establish a Brand Development Fund (as described in Section 9 3 below) to produce and place advertising for the benefit of all Offices in the System (the "Fund") If we elect to establish such Fund, you agree to pay to the Fund, upon sixty (60) days' notice from us that the Fund has been established, a non-refundable contribution ("Brand Development Fee") Our notice to you that we will begin collecting the Brand Development Fee will include the amount of such fee, provided, however, that in no event will the Brand Development Fee exceed one percent (1%) of your Office's total revenue The Brand Development Fee,

if collected, shall be payable each month at the same time and in the same manner as the Royalty Fee provided for in Section 3 2 hereof

3 4 Delinquent Accounts

You acknowledge and agree that you shall comply with our Policies and Guidelines for Credit Approval, Delinquent Accounts and Collections, as it may be amended from time to time by us, which is included in our Operations Manual Pursuant to such guidelines, and provided that you have been in compliance with such Guidelines, you shall pay to us a portion of any delinquent invoice If you have not operated in compliance with these Guidelines, you agree to pay us the full amount of any delinquent invoice We reserve the right to deduct any amounts due to us hereunder from the royalty payable to you

3 5 Electronic Funds Transfer

At our request, you must sign and deliver to us the documents we, our bank or your bank require to authorize us to credit your business operating account automatically for the royalty, or to debit from your account any monies owed to us, pursuant to this Agreement or any related agreement between us (or our affiliates) and you

3 6 Application of Payments and Right of Set-Off

Payments owed to us will be deducted from your total revenue in the following order Royalty Fee, Brand Development Fee (if collected), National or Regional Account Fees (as described in Section 1 5 above), Management Fee (as described in Section 8 8 below), and Direct Costs

Notwithstanding any designation by you, we may apply any of your payments to any of your past due indebtedness to us (or our affiliates) We may set-off any amounts you owe us or our affiliates against any amounts we or our affiliates might owe you You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement or any other agreement between us (and/or our affiliates) and you

3 7 Interest on Overdue Amounts

In the event you fail to pay to us any amounts owed by you hereunder to us or any of our affiliates, you shall pay, in addition to such overdue amounts, interest on the overdue amount at the rate of one and one-half percent (1 5%) per month or the highest legal contract interest rate we can charge, whichever amount is less Any default by you in the timely payment of any indebtedness of you owing to us, or to any affiliate of ours, or your default in the payment of any indebtedness of yours with respect to which we or any of our affiliates is a guarantor, co-signer, endorser or obligor, shall constitute a breach of this Agreement, rendering the same subject to termination in accordance with the provisions of Article 14

3 8 Accounts Receivable

You understand and acknowledge that all accounts receivable related to your Office shall be our property, and you agree to execute any documentation we may require in order to confirm our ownership of such accounts receivable and/or to pursue any claims for unpaid accounts receivables

3 9 Direct Costs

As used in this Agreement, "Direct Costs" include the costs we will deduct from your revenue for costs directly related to your Office's operations, including, without limitation

3 9 1 the wages of the temporary employees whose services were sold by your Office and billed for by us, including base compensation and all sign-on and other bonuses,

3 9 2 Social Security (FICA), Federal Unemployment (FUTA), State Disability (where applicable), and all other Federal, State and local taxes measured by or based upon the temporary employee's earned wages,

3 9 3 including health insurance (and/or penalties) as required under the Affordable Care Act Quick Pay Program expenses, background checks (including checks for proper credentials or criminal activities) and drug screening, insurance costs measured by or based upon the temporary employee s earned wages, such as workers' compensation, disability insurance, unemployment insurance, and similar insurance, as required by law You understand and acknowledge that we have the right, in our sole discretion, to purchase such insurance You further acknowledge that we have the right to allocate costs for such insurance based on a number of factors, including, but not limited to, payroll, sales, risk factors and experience,

3 9 4 discretionary insurances such as healthcare and dental insurance in which the temporary employee may participate You understand and acknowledge that we have the right, in our sole discretion, to purchase such discretionary insurance, and to cancel any discretionary insurance at any time You further acknowledge that we have the right to allocate costs for such discretionary insurance based on a number of factors, including, but not limited to, payroll, sales and risk factors,

3 9 5 housing expense, daily allowance, and travel expense incurred by the temporary employee,

3 9 6 the amount of all sales taxes or similar taxes which, by law, are chargeable to customers (but only to the extent they have been included),

3 9 7 the amount of any authorized and documented credits, sales allowances, discounts and/or rebates given to customers, and any reserve established under the Accounts Receivable Reserve Program,

3 9 8 expenses related to the Quick Pay Program, if you participate in such program, and

3 9 9 your portion of any delinquent invoices related to your Office

3 10 "ATC Academy"

We make available to you "The ATC Academy" an e-learning educational platform offered to active employees to assist them in obtaining continuing education Courses are conveniently delivered online in a virtual classroom environment available through our partnership with Relias Learning Relias Learning has been a leader in delivering online training programs to health service organizations since 2002 Relias' intuitive user interface makes learning enjoyable and accessible to busy professionals There are over 500 course offerings in the ATC Academy library, many with video to enhance learning, making it an excellent professional development tool that can be used for career growth The courses are accredited and eligible for state Continuing Education Units (CEUs) that can be used to maintain licenses and certifications Each franchisee is required to activate a minimum of two (2) licenses per year at a cost of Sixty Dollars ($60) per license or One Hundred Twenty Dollars ($120) per year The access fees for The ATC Academy are payable to us

ARTICLE 4
TRAINING AND ASSISTANCE

4 1 Training

Before the Office opens, we will train you and one (1) manager (a maximum of two (2) trainees) on the operation of an ATC Healthcare Services Office at no additional charge Our initial training program , except for the portion of the initial training that will be provided on site at your office, must be completed to our satisfaction not later than thirty (30) days before your Office opens If you request that we provide our training program to additional trainees, we will not charge you for training additional people, but it is subject to availability

We will provide approximately four (4) days of training at our designated training site (which may include our headquarters, an operating ATC Healthcare Services Office and/or another location) Initial training will be held at such time and location and for such duration as we designate You and your manager must complete the initial training to our satisfaction and participate in all other activities we require before opening the Office We provide this training at no additional fee, however, you must pay all travel and living expenses which you and your trainees incur in connection with such training, including, but not limited to, travel, lodging, meals and applicable wages If you or your manager do not complete our training to our satisfaction, you and/or you manager may re-take our training program If you or your manager do not complete our training to our satisfaction a second time, we have the right to terminate this Agreement We may require you to replace any manager if we determine that he or she is not qualified to hold that position

We reserve the right to hold periodic refresher training programs, conference calls, webinars and similar other methods, and we may designate that attendance at or participation in these programs is mandatory for you and/or any of your personnel We do not charge a training fee, but you must pay for all expenses your trainees incur while attending refresher training, if applicable, including travel, lodging, meals and wages

4 2 Ongoing Guidance, Additional Training

We will advise you regarding the Office's operation based on your reports or our inspections We also will guide you on standards, specifications, and operating procedures and methods that ATC Healthcare Services Offices use, purchasing required Operating Assets and inventory, advertising and marketing programs, employee training, administrative, bookkeeping, and accounting procedures, as well as developing your Office, including reviewing contracts, seeking national accounts, and providing staffing leads We will guide you in our Operations Manual, bulletins, or other written materials, e-mails, during telephone consultations, and/or during consultations at our office or at your Office

In the event you request that we provide additional training or assistance on-site at your ATC Healthcare Services Office, or if we determine that you require additional training, you shall pay our then-current per diem rate for such training and you shall reimburse our representative's expenses in connection with such training or assistance, including, but not limited to, travel, lodging and meals

4 3 Operations Manual

We will loan to you, to use in operating the Office during this Agreement's term, one (1) copy (or access to an electronic copy) of the Operations Manual, which might include audiotapes, videotapes, computer disks, compact discs and/or written materials We may provide the Operations Manual in hard

copy format or electronic format, such as CD-ROM or on-line via a password-protected Website The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically prescribe for operating an ATC Healthcare Services Office ("System Standards") and information on your other obligations under this Agreement We may modify the Operations Manual periodically to reflect changes in System Standards, but these modifications shall not alter your fundamental rights or status under this Agreement You agree to keep your copy of the Operations Manual current and in a secure location at the Office If there is a dispute over the contents of the Operations Manual, the master copy of the Operations Manual at our office controls You agree that the contents of the Operations Manual are confidential and that you will not disclose the Operations Manual to any person other than Office employees and/or independent contractors who need to know its contents You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual

4 4 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations

4 5 Franchisee Meetings

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually and will be held when we believe such convention will be beneficial for our franchisees We may designate that attendance at a franchisee meeting by you and/or your Office administrator is mandatory We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products and/or to provide training We may designate the location of the meeting, but we will not designate an unreasonably expensive location You must pay our then-current fee for each attendee from your Office and for all expenses incurred by you, your Office administrator and/or any other attendees at the franchisee meeting, including travel, lodging, meals and applicable wages

4 6 Temporary Employee Wages and Benefits

We shall be responsible for all wages, bonuses and benefits payable to the temporary employees you place with clients on a weekly basis We shall also be responsible to pay all related payroll and other taxes as required under the Affordable Care Act Such wages, bonuses, benefits and taxes are included in the direct costs that are deducted from your revenue, as described in Section 3 2 We shall not, under any circumstances, be responsible to pay any portion of wages, bonuses, benefits or applicable taxes for your Office's staff

ARTICLE 5
MARKS

5 1 Ownership and Goodwill of Marks

You acknowledge that we are the sole owner of the right, title and interest in and to the Marks You agree that your right to use the Marks is derived only from this Agreement and is limited to your operating the Office according to this Agreement and all System Standards we prescribe during its term Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Office under this Agreement) All provisions of this

Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use

5 2 Limitations on Your Use of Marks

You agree to use the Marks as the sole trade identification of the Office, provided that you shall identify yourself as the independent owner of the Office in a manner acceptable to us You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address or search engine you maintain on any ' Website ' (defined in Article 9 hereof), or (5) in any other manner we have not expressly authorized in writing You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or the Office without our prior written consent, which we will not unreasonably withhold You agree to display the Marks prominently as we prescribe at the Office and on forms, advertising and other materials we designate You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law

5 3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge or claim We may take the action we deem appropriate (including no action) and may control exclusively any settlement, litigation, U S Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark You agree to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks

5 4 Discontinuance of Use of Marks

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Office's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark

5 5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided that you have timely notified us of the proceeding, are in compliance with this Agreement, and comply with our directions in responding to the proceeding At our option, we may defend and control the defense of any proceeding relating to any Mark If any action taken by us with respect to any such claim or proceeding results in any monetary recovery for you which exceeds your costs, then the amount of such recovery which exceeds your costs will first be used to reimburse us for our expenses in connection with such action, and any remainder will be distributed to you

ARTICLE 6
CONFIDENTIAL AND GENERAL INFORMATION

6 1 Confidential Information

We and our affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of ATC Healthcare Services Offices (the "Confidential Information"), which includes (without limitation)

6 1 1 methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating ATC Healthcare Services Offices (including, without limitation, the System Standards),

6 1 2 market research and promotional, marketing and advertising programs for ATC Healthcare Services Offices,

6 1 3 knowledge of specifications for and suppliers of, and methods of ordering certain Operating Assets, materials, equipment and fixtures that ATC Healthcare Services Offices use,

6 1 4 knowledge of the operating results and financial performance of ATC Healthcare Services Offices other than your Office,

6 1 5 client communication programs, along with data used or generated in connection with those programs,

6 1 6 the Operations Manual,

6 1 7 graphic designs and related intellectual property, and

6 1 8 the Client List (as described in Section 6 3 below)

6 2 Restriction on Use of Confidential Information

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in operating the Office during this Agreement's term and according to this Agreement's terms and conditions, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees and may violate certain laws You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you, your Owners (as defined in Exhibit A hereto), employees and/or independent contractors who have access to it agree, and they do agree, that you, your Owners and such employees and/or independent contractors

6 2 1 will not use any Confidential Information in any other business or capacity,

6 2 2 will keep the Confidential Information absolutely confidential during and after this Agreement's term,

6 2 3 will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form, and

6 2 4 will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Office personnel and others needing to know such Confidential Information to operate the Office, and requiring all employees and independent contractors having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to us We have the right to regulate the form of confidentiality and non-competition agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights

All ideas, concepts, techniques or materials relating to an ATC Healthcare Services Office, whether or not protectable intellectual property and whether created by or for you or your employees and independent contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us To the extent any item does not qualify as a ' work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item

"Confidential Information" does not include information, knowledge or know-how which you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Office If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled

6 3 Client List

You agree that the list of the names, addresses and other information regarding your current clients, former clients, and those who have inquired about the Services (the "Client List") shall be included in the Confidential Information, shall be our property and shall constitute a trade secret of ours You agree that you may not disclose the Client List, or any portion thereof, to any person other than us, either during the term of this Agreement or thereafter You further agree that a breach of this Section shall be grounds for immediate termination of this Agreement pursuant to Section 14 2

ARTICLE 7
EXCLUSIVE RELATIONSHIP

You and your Owners acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us You and your Owners therefore agree that, during this Agreement's term, neither you, nor any Owner, nor any member of your or an Owner's immediate family will-

(a) have any direct or indirect, controlling or non-controlling interest as an owner (whether of record, beneficial or otherwise) in a Competitive Office (defined below), wherever located or operating,

(b) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Office, wherever located or operating,

(c) recruit or hire any employee or independent contractor of ours, our affiliates or our or their franchisees or licensees without obtaining our or the employer's prior written permission,

(d) divert or attempt to divert any actual or potential business or client of the Office to a Competitive Office, or

(e) divert or attempt to divert any actual or potential business or client of any other Office operating in the System to your Office

The term "Competitive Office" means any business that provides or arranges for medical personnel placement services on a temporary or permanent basis, or any business which grants franchises or licenses to others to operate such a business, other than an ATC Healthcare Services Office operated under a franchise agreement with us You and your Owners also agree that they will not, during the term of this Agreement, operate or otherwise become affiliated with any Website involving, referring to, or in any way related to a Competitive Office

Notwithstanding the foregoing, you and your Owners further agree that you and your Owners shall restrict your activities to the operation of the ATC Healthcare Services Office franchised hereunder and participate in the day to day operation of your ATC Healthcare Services Office, and neither you nor any of your Owners nor any of your administrative employees shall be employed by your Office to provide the Services to clients without our prior written consent

ARTICLE 8
BUSINESS OPERATION AND SYSTEM STANDARDS

8.1 Condition and Appearance of the Office

You agree that you will not use the Office or any part of the Site for any business purpose other than operating an ATC Healthcare Services Office in compliance with this Agreement, and that you will place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time to time You further agree to maintain the condition and appearance of the Office, its Operating Assets and the Site (including any parking area) in accordance with the System Standards and consistent with the image of an ATC Healthcare Services Office as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service Therefore, you agree to take, without limitation, the following actions during this Agreement's term at your expense (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that we may prescribe, (b) interior and exterior repair of the Site as needed, and (c) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced)

8 2 Products and Services the Office Offers

You agree that you (a) will offer and sell from the Office only the products and services that we periodically specify, (b) will not offer or sell at the Office, the Site or any other location any products or services we have not authorized, and (c) will discontinue selling and offering for sale any products or services that we at any time disapprove

You shall assume all responsibility and expense for recruiting, evaluating and training temporary employee and permanent placement candidates, for diligently marketing and selling the Services, and for otherwise operating the Office according to our System Standards, as we may modify them from time to time You understand that in recruiting and evaluating candidates, you shall conduct advertising (including job board postings), interviews according to System Standards and the client's requirements

and specifications at your cost You shall also verify eligibility for per diem housing and expense reimbursement, verify I-9 status, and arrange for orientation at the client's facility

8 3 Approved Products, Services, and Suppliers

We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and the products and services that we periodically authorize for use in the Office During this Agreement's term you must purchase or lease all Operating Assets and other products and services for the Office only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates) You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us by suppliers that we designate or approve for some or all of our franchisees)

Upon our request, or if you want to use any Operating Assets or products that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria, together with payment of our then-current evaluation fee We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any independent, certified laboratory which we designate for testing We reserve the right periodically to re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria

8 4 Compliance with Laws and Good Business Practices

You must secure and maintain in force throughout this Agreement's term all required licenses and permits relating to the provision of the Services and the operation of the Office, and operate the Office in full compliance with all applicable laws, ordinances and regulations The Office must in all dealings with its clients, suppliers, us and the public 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 ATC Healthcare Services Offices You must ensure that the Office has and maintains such licenses and permits in good standing throughout the term of this Agreement

Any client contract, license, city or state license, provider number, or certification under which the Office operates pursuant to this Agreement shall belong to us You agree to take such steps as are reasonably necessary to assign any such licenses to us, upon our request

You must notify us in writing within three (3) business days of (a) the commencement of any action, suit or proceeding relating to the Office, (b) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to the Office (including, without limitation, the revocation or threatened revocation of any license or permit applicable to the Office), (c) any notice of violation from a governing authority of any law, ordinance or regulation relating to the Office, and (d) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party

involving a complaint from a client or potential client relating to the Office You must immediately provide to us copies of any documentation you receive of events in (a) through (d) above If we believe you are not adequately responding to or handling any event listed in (a) through (d), we reserve the right to require you to resolve the matter in a prompt and reasonable manner in accordance with good business practices, we may require you to participate in consultation, issue resolution and/or retraining to address such matters, and we may charge you for such ongoing guidance in accordance with Section 4 2 herein

You understand and acknowledge that the provisions of a client's contract may require you to participate in accreditation programs, at your expense If required, you shall take all steps necessary to obtain such accreditation, and we shall provide advice and guidance in preparing for such accreditation

You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below) In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14

8 5 Insurance

You shall procure, at your sole expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting you, us, our respective officers, directors, partners and employees against any loss, liability, personal injury, death or property damage or expense whatsoever arising or occurring upon or in connection with the ATC Healthcare Services Office, as we may reasonably require for our own and your protection We shall be named an additional insured in such policy or policies

Such policy or policies shall be written by an insurance company licensed in the state in which you operate in accordance with standards and specifications set forth in the Operations Manual or otherwise in writing, and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by us in the Operations Manual or otherwise in writing), the following

8 5 1 workers' compensation, employer's liability and unemployment insurance for your staff according to state requirements,

8 5 2 broad form general liability insurance of at least One Million Dollars ($1,000,000) per occurrence,

8 5 3 employers' non-owned and hired automobile insurance covering your employees,

8 5 4 temporary help services errors and omissions insurance with limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate,

8 5 5 permanent employment agency errors and omissions insurance with limits of One Million Dollars ($1,000,000) per occurrence/One Million Dollars ($1,000,000) aggregate,

8 5 6 state disability insurance for your staff employees according to state requirements,

8 5 7 fidelity bonding against losses from dishonest acts by your employees in the amount of One Hundred Thousand Dollars ($100,000) with a maximum deductible of Five Thousand Dollars ($5,000) This bond shall also extend to cover any loss to us,

8 5 8 all-risk property damage insurance in an amount to cover the full replacement cost of all equipment loaned to you by us, including a loss payee clause in our favor,

8 5 9 a separate fidelity bond related to your participation in our Quick Pay Program, a

8 5 10 We reserve the right to require you to have Employment Practice Liability insurance (EPLI), and

8 5 11 any other insurance required by the state or local municipality where the Office is located (which may include the requirement that you obtain professional liability insurance), or as may be required by the lease for your Office

The amounts required herein may be modified from time to time by us to reflect inflation or future experience with claims The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by us Within sixty (60) days of the signing of this Agreement, but in no event later than thirty (30) days prior to commencement of operations of the Office, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by you to us for approval Such certificate shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to us and shall reflect proof of payment of premiums Maintenance of such insurance and the performance by you of the obligations under this Section 8 shall not relieve you of liability under the indemnity provision set forth in this Agreement Minimum limits as required above may be modified from time to time, as conditions require, by written notice to you

Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement, shall be payable by you immediately upon notice or, in our discretion, we may deduct such amounts from any royalty payable to you, as described in Section 3 2

8 6 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Office according to System Standards is essential to preserve the goodwill of the Marks and the goodwill of all ATC Healthcare Services Offices Therefore, you agree at all times to operate and maintain the Office according to each and every System Standard, as we periodically modify and supplement them System Standards may regulate any aspect of the Office's operation and maintenance, including but not limited to any one or more of the following

8 6 1 sales, marketing, advertising and promotional programs and materials and media used in these programs,

8 6 2 staffing levels for the Office and employee and/or independent contractor's qualifications, training, dress and appearance (although you have sole responsibility and authority concerning staff selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions),

8 6 3 use and display of the Marks,

8 6 4 days and hours of operation,

8 6 5 participation in market research and testing and product and service development programs,

8 6 6 bookkeeping, accounting, data processing and record keeping systems and forms, formats, content and frequency of reports to us of sales, revenue, and financial performance and condition, and giving us copies of tax returns and other operating and financial information concerning the Franchise (we will use reasonable efforts to keep such records confidential),

8 6 7 types, amounts, terms and conditions of insurance coverage required for the Office, including criteria for your insurance carriers, and

8 6 8 any other aspects of operating and maintaining the Office that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and ATC Healthcare Services Offices

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text All references to this Agreement include all System Standards as periodically modified Subject to your rights under Section 8 1 relating to alterations to the Office's appearance, layout and/or design and/or replacement of a material portion of your Operating Assets, you acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System) may obligate you to invest additional capital in the Office and/or incur higher operating costs

8 7 Client Contracts

You shall, at all times, maintain a rate and term sheet for each client, or a contract with each client, that has been approved by us in writing You are required to use the form of contract specified by us, and you may not alter our form of contract except to comply with applicable law, and any revisions must first be approved by us You shall also obtain credit approval for each client according to our System Standards before you may begin providing Services to such client All contracts for Services will be entered into by and between us and the client, and such contracts shall remain our property You are not permitted to sign any client contracts or related contractual documents You are not a party to these client contracts

In addition, you are required to research the rates of pay and rates being charged to clients by competitors within the Territory, which research shall be conducted not less frequently than every six (6) months during the term of this Agreement You shall report the result of your research to us in the manner we require

8 8 Development of Territory

During the term of this Agreement, you shall be responsible for developing all market segments within your Territory to their maximum potential If we believe, in our reasonable business judgment, that a market segment of your Territory is not being developed or utilized to its full potential, we reserve the right to appoint an additional representative to service the market segment that we deem to be neglected The additional representative we designate will be an employee of us or our affiliates You must pay our then-current management fee for our representative, and you shall reimburse our representative's expenses in so acting, including, but not limited to, travel, lodging and meals expenses, if incurred We reserve the right to deduct the management fee and expenses from your total revenue, before Direct Costs are deducted

ARTICLE 9
ADVERTISING AND MARKETING

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

9 1 Participation in Advertising

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

9 2 Local Advertising

In addition to the Brand Development Fee, if and when implemented, you shall spend, throughout the term of this Agreement, not less than one percent (1%) of total revenue each month on advertising for the Office in your Territory, including approved job board advertising ("Local Advertising") You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require

9 3 Brand Development Fund

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right, but not the obligation, to establish, maintain and administer a brand development fund (hereinafter referred to as the "Fund") for such national, regional and/or local advertising programs as we may deem necessary or appropriate, in our sole discretion We shall not be obligated to establish the Fund until we believe that doing so would be in the best interests of us, our affiliates, our franchisees and the System If established, you agree to pay the Brand Development Fee, as described in Section 3 3 If we elect to establish the Fund, the Fund will be administered as follows

9 3 1 The Fund may be managed by us, our designee or a professional agency to advertise and promote the System and ATC Healthcare Services Offices The Fund will be used for national, regional and/or local advertising, publicity and promotion relating to our business We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent Some portion

of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation The Fund will not be audited

9 3 2 We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fees) The Fund is not our asset, and it is not a trust We do not owe you any fiduciary obligations because we maintain the Fund We may spend in any calendar year an amount greater or less than the aggregate contributions made by all Offices contributing to the Fund in that year We may make loans to the Fund (and the Fund may borrow from us or other lenders) bearing reasonable interest to cover any deficits of the Fund or cause the Fund to invest surplus for future use Any money remaining in the Fund at the end of any year will carry over to the next year

9 3 3 Any ATC Healthcare Services Office owned by us or our affiliates will contribute to the Fund on the same basis as franchisees in the System Funds from the Brand Development Fees paid will be kept separate and distinct and will be accounted for separately from our other funds These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above, and will not be used for advertising that is primarily a solicitation of new franchisees We will prepare, and furnish to you upon written request, an unaudited annual statement of funds collected and costs incurred

9 3 4 We may incorporate the Fund or operate it through a separate entity whenever we want The Fund is intended to maximize general public recognition and patronage of all ATC Healthcare Services Offices and the Marks for the benefit of all Offices We have no obligation to make sure that expenditures by the Fund are proportionate or equivalent to contributions by Offices or to make sure that any Office will benefit directly or in proportion to its contribution to the Fund from the conduct of marketing programs or the placement or advertising

9 3 5 We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense We also may forgive, waive, settle and compromise all claims by or against the Fund

9 3 6 We may at any time defer or reduce the Fund contributions of any Office and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund If we terminate the Fund, we will distribute all unspent monies to all Offices (whether franchised or operated by us or our affiliates) in proportion to their respective Fund contributions during the preceding twelve (12) month period If we terminate the Fund we will have the right to reinstated it at any time, and the reinstated Fund will be maintained as described above

9 4 Conduct of Advertising, Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Operations Manual or otherwise You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials If we do not provide our specific approval of the proposed materials within this fifteen (15) days period, the proposed

materials are deemed to be not approved Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials You shall not advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent

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

9 5 Grand Opening Advertising

In addition to the ongoing advertising expenditures set forth herein, you shall be required to spend between Two Thousand Five Hundred Dollars ($2,500) and Four Thousand Dollars ($4,000) on a grand opening advertising campaign to advertise the opening of the ATC Healthcare Services Office The grand opening advertising campaign shall be conducted within thirty (30) days of the Office's opening All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval in the manner set forth in this Article 9 At our request, you shall give your grand opening advertising money to us and we will conduct the grand opening advertising campaign on your behalf

9 6 Technology

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

A multi-page interactive company website is required to be opened and maintained Franchisor has partnered with an outside vendor, an experienced group of internet marketers, to develop and manage our Digital Marketing campaign This outside vendor will be responsible for all website development, social media plan (LinkedIn, Facebook and Twitter), website Search Engine Optimization, website performance analytics, website hosting and maintenance All franchisees will work with this outside vendor to develop a multipage responsive website as well as collaborate on content management, strategy and distribution schedule

9 6 1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, ATC Healthcare Services Offices and any or all of the products and services offered at Offices, the franchising of ATC Healthcare Services Offices, and/or the System We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage, we shall also have the right to discontinue operation of the Website

9 6 2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Office, with such web page(s) to be located within our Website You shall comply with our policies with respect to the creation, maintenance and content of any such web pages, and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page

9 6 3 You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we shall not be obligated to provide) If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website You specifically acknowledge and agree that any

such Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under this Article 9

9 6 4 We shall have the right to modify the provisions of this Section 9 6 relating to Websites as we shall solely determine is necessary or appropriate

9 6 5 You understand and agree that you may not promote your Office or use any Mark in any manner on social and/or networking Websites,, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without our prior written consent

9 6 6 You understand and agree that we will provide you with an e-mail address for your use in operating the Office, and you shall not establish a separate e-mail address for the Office without our prior written consent

9 7 Recruiting

Recruitment Effort of 1% of your total revenue will be required for recruitment advertising, resume searches, job boards and database searches

9 8 Human Resource Information System (HRIS)

All Franchisees are required to use the HRIS system selected by Franchisor for all HCAs A Human Resources Information System (HRIS) is software for the entry, data tracking, and data information needs of the Human Resources, payroll, management, benefits and accounting functions within our company It includes the following

- Management of all employee information
- Reporting and analysis of employee information
- Houses all company-related documents and forms and automates the onboarding process
- Benefits administration including enrollment, status changes, and personal information updating
- Complete integration with payroll and financial software and accounting systems
- Applicant tracking and resume management
- Employee Self Service

ARTICLE 10
RECORDS, REPORTS AND FINANCIAL STATEMENTS

10 1 Records and Reporting Requirements

You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe from time to time All of your bookkeeping and recordkeeping practices shall conform to applicable federal, state or local requirements We will require you to use a Computer System to input and maintain certain sales data, financial information and other information, in such formats and in such manner as we periodically prescribe, and to store, save, back up and transmit that data and information to us on a schedule we periodically prescribe You also must maintain the Computer System and purchase the hardware and software we designate in order to allow us unlimited access to, and the ability to download, all information in your Computer System at any time You shall, at all times during the term of this Agreement, maintain a high speed internet connection for the Computer System We shall have access to the data on your Computer

System at all times, and any data related to the ATC Healthcare Services Office shall become our property

You agree to give us, in the manner and format that we periodically prescribe

(a) within thirty (30) days after the end of each calendar quarter, the operating statements, financial statements, statistical reports and other information we request regarding you and the Office covering that quarter, prepared according to generally accepted accounting principles,

(b) within forty-five (45) days after the end of the Office's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Office as of the end of that fiscal year, prepared according to generally accepted accounting principles, and

(c) within ten (10) days after filing thereof, exact copies of federal and state income and other tax returns and any other forms, records, books and other information we periodically require relating to the Office, its Owners or the Franchise (we will use reasonable efforts to keep such records confidential)

You agree to verify and sign each report and financial statement in the manner we prescribe We may disclose data derived from these reports, although we will not (without your consent) disclose your identity in any materials that we circulate publicly If you ever receive formal notice from us of your failure to comply with your reporting or payment obligations under this Agreement, we may require you to have reviewed financial statements prepared annually during this Agreement's remaining term

10 2 Our Right to Audit

We may at any time during your business hours, and with seventy-two (72) hours' prior notice to you, examine the Office's bookkeeping and accounting records, sales and income tax records and returns, and other records You agree to cooperate fully with our representatives and independent accountants in any inspection or audit If any inspection or audit discloses an understatement of any amounts owed to us, you shall pay such understated amount together with applicable interest thereon If any inspection or audit discloses a discrepancy of three percent (3%) or more of any amounts owed to us, then in addition to paying any understated amount plus interest, you agree to reimburse us for the cost of our examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees and/or independent contractors These remedies are in addition to our other remedies and rights under this Agreement and applicable law

ARTICLE 11
INSPECTIONS

To determine whether you and the Office are complying with this Agreement and all System Standards, we and our designated agents and representatives may at all times during normal business hours, and with seventy-two (72) hours' prior notice to you, inspect your Office During any inspection conducted by us or our designated agents or representatives we may, without limitation

(a) inspect the Office,

(b) observe, photograph, and videotape the Office's operation for consecutive or intermittent periods we deem necessary,

(c) interview the Office's personnel and clients, and

(d) inspect and copy any books, records and documents relating to the Office's operation, including, but not limited to, verifying your compliance with client contracts, license, permit and/or credential requirements, and worker's compensation rules

You agree to cooperate with us and/or our agents fully If we exercise any of these rights, you will use your best efforts not to interfere unreasonably with the Office's operation You agree to present to your clients the evaluation forms that we periodically prescribe and to participate and/or request your clients to participate in any surveys performed by or for us

ARTICLE 12
TRANSFER

12 1 By Us

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

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

12 2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and your Owners and that we have granted you the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners Accordingly, neither (i) this Agreement (or any interest in this Agreement), nor (ii) any interest in the ownership of you, the Franchise, the Office (or any right to receive all or a portion of the Office's profits or losses), or all or substantially all of the Operating Assets, may be transferred without our prior written approval A transfer of the Office's and the Operating Assets' ownership, possession or control may be made only with a transfer of this Agreement Any transfer without our prior written approval is a breach of this Agreement and has no effect In this Agreement, the term "transfer" includes your voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events

12 2 1 transfer of an interest in this Agreement, the Operating Assets or the Office (or any right to receive all or a portion of the Office's profits or losses) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law, or

12 2 2 if you die, transfer of an interest in this Agreement, the Operating Assets or the Office (or any right to receive all or a portion of the Office's profits or losses) by will, declaration of or transfer in trust, or under the laws of intestate succession, or

12 2 3 pledge of this Agreement (to someone other than us) as security, foreclosure upon the Office, or your transfer, surrender or loss of the Office's possession, control or management, or

12 2 4 the transfer of shares, partnership or member interests, or other ownership interests of you, or

12 2 5 merger or consolidation or issuance of additional securities representing ownership interests, or

12 2 6 any sale of ownership interests carrying voting rights of you or any security convertible to voting ownership interests of you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest

12 3 Conditions for Approval of Transfer

If you and your Owners are in full compliance with this Agreement, then, subject to the other provisions of this Section, we will not unreasonably withhold our approval of a transfer that meets all the requirements in this Section, provided, however, that if the transfer is of a minority ownership interest in you (and you retain a majority equity interest and voting control), Subsections 12 3 2, 12 3 5, 12 3 6, 12 3 7, 12 3 10 and 12 3 11 below shall not apply Except as described in the previous sentence, all of the following conditions must be met before or concurrently with the effective date of the transfer

12 3 1 the transferee and its owners must be individuals of good moral character and otherwise meet our then applicable standards for an ATC Healthcare Services Office franchisee,

12 3 2 the transferee has sufficient business experience, aptitude and financial resources to operate the Office,

12 3 3 you have paid all required Royalty Fees, Brand Development Fees and other amounts owed to us and our affiliates, have submitted all required reports and statements, and are not in violation of any provision of this Agreement or any other agreement with us or our affiliates,

12 3 4 the transferee does not operate, or have an ownership or other interest in or relationship with a Competitive Office or has fully divested all such ownership or other interest in such Competitive Office at least fourteen (14) days prior to transfer, and shall execute an affidavit undertaking to such effect,

12 3 5 the transferee satisfactorily completes our training program,

12 3 6 the transferee and any other persons designated by us sign our then-current form of franchise agreement and related documents, the provisions of which may differ materially from any and all of those contained in this Agreement and the term of which shall be for the remaining term of this Agreement at the time of transfer,

12 3 7 you or the transferee pay us, upon consummation of the transfer, a transfer fee equal to Fifteen Thousand Dollars ($15,000), provided, however, that in the event the transfer is to an

immediate family member (which for purposes of this Agreement includes parents, siblings and/or children), the transfer fee payable hereunder shall be Seven Thousand Five Hundred Dollars ($7,500),

12 3 8 you and your transferring Owners sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the GBL and the regulations issued thereunder shall remain in force, it being the intent of this provision that the non-waiver provisions of GBL Sections 687 4 and 687 5 be satisfied),

12 3 9 we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Office,

12 3 10 if we finance any part of the purchase price, you agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Office are subordinate to the transferee's obligation to pay Royalty Fees and other amounts due to us and otherwise to comply with this Agreement,

12 3 11 the landlord of the Office must consent in writing to the assignment of your lease to the transferee,

12 3 12 if the proposed transferee is acquiring a portion of the interest in the legal entity that is you, then the proposed transferee, and any owners of the proposed transferee, must execute our form of guaranty,

12 3 13 you agree for three (3) years beginning on the transfer's effective date, not to engage in any of the activities prescribed in Section 15 4 below, and

12 3 14 you will not directly or indirectly at any time or in any manner (except with respect to other ATC Healthcare Services Offices you own and operate pursuant to franchise agreements with us) identify yourself or any business as a current or former ATC Healthcare Services Office or as one of our franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of an ATC Healthcare Services Office in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with us

We may review all information regarding the Office that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Office If we assisted in identifying a buyer for the Sale of your Franchise, we may require a commission to be paid to us

12 4 Transfer to a Wholly Owned or Controlled Entity

If you are an individual or individuals and are in full compliance with this Agreement, then we shall not unreasonably withhold our approval of a transfer of this Agreement, the Franchise, and the Office, one (1) time only, to a corporation or comparable legal entity (i) which conducts no business other than the Office, and (ii) in which the individual(s) originally purchasing the Franchise maintain control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests in the same proportional interest as originally owned Shareholder certificates or other documents representing ownership interests of such legal entity must be endorsed with a legend in form approved by us reciting that the transfer of interests in you is subject to the

restrictions of this Agreement Such an assignment shall not relieve you of your obligations hereunder and your Owners shall execute the form of Guaranty and Assumption of Obligations attached hereto as Exhibit C You and our Owners shall remain jointly and severally liable to us for all obligations hereunder A transfer pursuant to this Section 12 4 may occur one (1) time only without payment of the transfer fee

12 5 Transfer Upon Death or Disability

If you or your Owners die, leaving, in our discretion, no fully experienced survivor capable of carrying on the business of the Office in a satisfactory manner, or shall become disabled from performing their functions for a period of time that the viability of the Office is endangered in our reasonable opinion, or if you cease to operate under the provisions of this Agreement for any other reason, we shall be entitled, at our option, to hire a manager to operate the day-to-day business at your cost, or to cause the immediate assignment of your rights and interest in this Agreement to us If an assignment occurs as the result of the death or disability of you or your Owners and if the Office has been in operation for twelve (12) months or longer (but not otherwise), we shall pay you (or your survivors or estate, as the case may be) an amount equal to fifty percent (50%) of that portion of the net sales (being total revenue less direct costs) of the Office during the six (6) months next following your ceasing to so operate, based upon actual net sales for Services performed by the Office during that six (6) month period The purchase price shall be paid in installments on the last day of each of the twelve (12) fiscal months next following our exercise of this option, in amounts representing each half-fiscal month's net sales Any amounts payable to you hereunder shall be offset by any amounts due to us from you

12 6 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Office's operations which would cause harm to the Office, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Office, operate the Office for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement All monies from the operation of the Office during such period of operation by us shall be kept in a separate account, and the expenses of the Office, including reasonable compensation and expenses for our representative as well as our other expenses incurred in exercising our rights pursuant to this Section 12 6, shall be charged to said account If, as herein provided, we temporarily operate the Office franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties

12 7 Effect of Consent to Transfer

Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Office's or transferee's prospects of success, or a waiver of any claims we have against you or of our right to demand the transferee's full compliance with this Agreement's terms or conditions

12 8 Our Right of First Refusal

If you at any time determine to sell or transfer (1) an interest in this Agreement, (2) all or substantially all of the Operating Assets, or (3) the Office (including the right to receive your portion of the Office's profits or losses) – except to or among your Owners – you agree to obtain from a responsible and fully disclosed buyer, and send to us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement, the Operating Assets and the Office The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price To be a valid, bona fide offer, the proposed purchase price must be in a

dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that (1) we may substitute cash for any form of payment proposed in the offer, (2) our credit will be deemed equal to the credit of any proposed buyer, (3) we will have not less than sixty (60) days to prepare for closing after notifying you of our election to purchase, and (4) we must receive, and you agree to make, all customary representations and warranties given by the seller of the assets of a business, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and validity of contracts and the liabilities, contingent or otherwise, relating to the assets being purchased If we exercise our right of first refusal, you agree that, for three (3) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15 4 below

If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided in Sections 12 2 and 12 3 above If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must tell us promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option

12 9 Ownership Structure

If you are an entity, you represent and warrant that your ownership structure is as set forth on Exhibit A hereto and covenant that you will not vary from that ownership structure without our prior written approval

As the Franchise owner you must designate yourself with the title of Executive Director of ATC Healthcare Services, Inc (City- Location Operations)

ARTICLE 13
GRANT OF A RENEWAL FRANCHISE

13 1 Renewal

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the initial term of this Agreement) to renew the franchise hereunder for up to two (2) additional terms of ten (10) years each, if

13 1 1 you have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us,

13 1 2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal),

13 1 3 you are able to maintain possession of the site for the Office (or at a relocated site) pursuant to a lease reasonably acceptable to us,

13 1 4 you refurbish, upgrade, and/or renovate your Office as we require in order that your Office will meet our then-current standards and image for ATC Healthcare Services Offices,

13 1 5 the landlord of the site consents to a renewal or extension of the lease,

13 1 6 at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months,

13 1 7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders (provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the GBL and the regulations issued thereunder shall remain in force, it being the intent of this provision that the non-waiver provisions of GBL Sections 687 4 and 687 5 be satisfied), and

13 1 8 you pay to us a renewal fee equal to Five Thousand Dollars ($5,000)

13 2 Refusal to Renew Franchise Agreement

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

13 3 Renewal Under Law

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

13 4 Your Election Not to Renew

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

ARTICLE 14
TERMINATION OF AGREEMENT

14 1 Our Termination Rights – No Opportunity to Cure

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if

14 1 1 you or any of your Owners have made or make a material misrepresentation or omission in acquiring the Franchise or operating the Office,

14 1 2 you fail to open the Office for business within the time frame required by Section 2 4,

14 1 3 you do not satisfactorily complete initial training, after giving you an opportunity to re-take the initial training,

14 1 4 you abandon or fail actively to operate the Office for thirty (30) or more consecutive business days without our prior approval, except for in the case of acts of God, war, terrorism and other situations which are beyond your control,

14 1 5 you or an Owner surrender or transfer control of the Office's operation without our prior written consent,

14 1 6 you or an Owner are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or misdemeanor involving violence, or moral turpitude, or if you or an Owner engage in consumer fraud, dishonesty, diversion or attempted diversion (either intentional or by neglect) of payments due to us hereunder, breach of ethical standards generally recognized in the temporary healthcare services field, or engage in any illegal activities at or from the Office, whether or not such actions result in conviction by a trial court,

14 1 7 you interfere with our right to inspect the Office or observe its operation, as provided in Article 11 of this Agreement,

14 1 8 you or an Owner engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Office's reputation, the reputation of other ATC Healthcare Services Offices or the goodwill associated with the Marks,

14 1 9 you or an Owner make an unauthorized assignment or transfer of this Agreement, all or substantially all of the Operating Assets, the Office or the right to receive all or any part of the Office's profits or losses,

14 1 10 any material licenses or permits necessary for the Office's proper operation are revoked or not renewed,

14 1 11 you or an Owner make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information, or disclose all or any part of the Client List,

14 1 12 you fail to pay when due any federal, state or local income, service, sales or other taxes due on the Office's operation, unless you are in good faith contesting your liability for these taxes,

14 1 13 you (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us (or our affiliates), or otherwise to comply with this Agreement, whether or not you correct any of these failures after we deliver written notice to you, or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not you correct either of the failures after we deliver written notice to you,

14 1 14 you, or any of your Owners shall become insolvent or make a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by you or any of your Owners or such a petition is filed against and not opposed by you or such Owner, if you or any of your Owners is adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets or any of your Owners or their business or assets is filed and consented to by you or such Owner, if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, or the assets or property of any of your Owners, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law should be instituted by or against you or any of your Owners, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed), if you or any of your Owners is dissolved, if execution is levied against your or their business or property, if suit to foreclose any lien or mortgage against the Office premises or equipment is instituted against you and not dismissed within thirty (30) days, or if the real or personal property of the Office shall be sold after levy thereupon by any sheriff, marshal, or constable,

14 1 15 you, your Owners or a member of your or your Owner's immediate family violates the restrictions of Article 7 (Exclusive Relationship) or any other non-compete agreement As used herein, the term "immediate family" includes a spouse or life partner, children (including step children and adopted children), parents and siblings,

14 1 16 you cause or permit to exist a material default under the lease or sublease for the site and fail to cure such default within the applicable cure period set forth in the lease or sublease,

14 1 17 you fail to pay us (or our affiliates) any amounts due and do not correct the failure within five (5) business days after we deliver written notice of that failure to you,

14 1 18 your or your Owners' assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if you or your Owners otherwise are in violation of any such law, ordinance or regulation, or any other law, ordinance or regulation applicable to the ATC Healthcare Services Office, or

14 1 19 you fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you

14 2 Our Termination Rights – Opportunity to Cure

This Agreement shall, at our option, terminate upon notice and your failure to cure within the specified time periods if you

14 2 1 fail or refuse to make payments of any amounts due us for Royalty Fees or any other amounts due to us or our affiliates, and do not correct such failure or refusal within five (5) business days after written notice of such failure is delivered to you,

14 2 2 fail or refuse to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise in writing, and do not correct such failure within thirty (30) days or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected, if such failure cannot reasonably be corrected within thirty (30) days after written notice of such failure to comply is delivered to you,

14 2 3 materially misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks and do not correct the misuses or unauthorized use within thirty (30) days of receiving notice,

14 2 4 have any required license or permit suspended and do not reinstate such license or permit in good standing within thirty (30) days of receiving notice,

14 2 5 fail to maintain the insurance and/or bonds required hereunder and do not obtain such required insurance and/or bonds within seven (7) days of receiving notice, or

14 2 6 receive an unreasonable amount of patient or client complaints against your ATC Healthcare Services Office which, in our reasonable judgment, damage the goodwill of us and/or the Proprietary Marks and which are not resolved to our satisfaction

14 2 7 if you fail to adequately vet a candidate or fail to properly credential a candidate, this will be considered a default hereunder You shall have five (5) days in which to cure this default In the event that the credentialing failure results in a monetary penalty to us, you shall be solely responsible for that monetary penalty If the credentialing failure results in a cancellation of a national contract for 3 months or more, that cancellation will be also be considered an event of default, which cannot be cured and you will be responsible for the loss of revenue to the entire ATC Network as a result of this contract cancellation for the period of suspension and up to a year for cancellation or a suspension if more than three (3) months

14 3 Reinstatement and Extension

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, we may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement

14 4 Cross-Defaults, Non-Exclusive Remedies, etc

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

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

14 5 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 14, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our Website, until such time as you correct the breach, if such breach may be cured under the terms of this Agreement

14 6 Amendment Pursuant to Applicable Law

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

ARTICLE 15
RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

15 1 Payment of Amounts Owed

You agree to pay, within thirty (30) days after this Agreement expires or is terminated, or on any later date that we determine, the amounts due to us or our affiliates which then are unpaid

15 2 De-Identification

When this Agreement expires or is terminated for any reason

15 2 1 you shall not directly or indirectly at any time thereafter or in any manner (except in connection with other ATC Healthcare Services Offices you own and operate pursuant to Franchise Agreements with us) (a) identify yourself or any business as a current or former ATC Healthcare Services Office or as one of our franchisees, (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of an ATC Healthcare Services Office in any manner or for any purpose, or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us,

15 2 2 you agree to take the action required to cancel all fictitious or assumed name (d/b/a) or equivalent registrations relating to your use of any Mark,

15 2 3 you agree to deliver to us within thirty (30) days all signs, advertising, marketing and promotional materials, forms, and other materials containing any Mark or otherwise identifying or relating to an ATC Healthcare Services Office that we request and allow us, without liability to you or third parties, to remove these items from the Office,

15 2 4 if we do not exercise an option to purchase the Office under Section 15 5 below, you agree promptly and at your own expense to make the alterations we specify in the Operations Manual (or otherwise) to distinguish the Office clearly from its former appearance and from other ATC Healthcare Services Offices in order to prevent public confusion,

15 2 5 you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and telephone directory listings associated with any Mark, to authorize the transfer of these numbers and directory listings to us or at our direction, and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify As soon as you obtain any such numbers and listings, you shall sign our forms of Internet Websites and Listing Agreement and Telephone Listing Agreement, attached to this Agreement as Exhibit D If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events,

15 2 6 you agree to notify all internet-based service providers used by you in the operation of the Office, including, without limitation, job posting boards, internet advertisements and/or social or networking Website accounts (whether or not established according to the provisions of this Agreement), that you are no longer authorized to use such services related to the Office, that we own all accounts related to such services, and you shall take all actions required to ensure that ownership of such services and/or accounts is transferred to us, and

15 2 7 you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations

15 3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of Confidential Information in any business or otherwise and return to us all Confidential Information, including all copies of the Operations Manual, the Client List, all client records and any confidential materials that we have loaned you You shall also assign to us or our designee (which may be another franchisee in the System) each client contract and, if applicable, employment contract with temporary medical employees in effect at the time this Agreement expires or is terminated, and you shall execute any documents necessary to effectuate such assignment You understand and acknowledge that we have the right to withhold payments otherwise due to you under this Agreement (without loss of our rights to any other remedies provided by law) in the event of any breach by you of your duty to assist in the orderly transfer of client contracts and employment contracts to us or our designee

15 4 Covenant Not to Compete

Upon our termination of this Agreement according to its terms and conditions, upon transfer of this Agreement, or upon expiration of this Agreement without renewal, you agree that, for three (3) years beginning on the effective date of termination, the effective date of transfer, the expiration date or the date on which all persons restricted by this Section 15 4 begin to comply with this Section 15 4, neither you nor any Owner will have any direct or indirect interest (e g through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent in any

Competitive Office (as defined in Article 7 above) within seventy-five (75) miles of any ATC Healthcare Services Office in the System

You and your Owners expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploiting these skills Consequently, we in enforcing the covenants made in this Section will not deprive you or your Owners of your or their personal goodwill or ability to earn a living

15 5 Our Right to Purchase Office

15 5 1 Exercise of Option Upon our termination of this Agreement according to its terms and conditions or upon expiration of this Agreement without renewal, we have the option, exercisable by giving you written notice within thirty (30) days after the date of termination or expiration, to purchase any assets of the Office that we designate We have the unrestricted right to assign this option to purchase We are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise

15 5 2 Purchase Price The purchase price for the assets we choose to acquire will be their book value, provided that these items will not include any value for the Franchise or any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, and other intellectual property or participation in the network of ATC Healthcare Services Offices For purposes of determining the book value of all equipment (including the Computer System) used in operating the Office, the equipment's useful life shall be determined to be no more than three (3) years

15 5 3 We (or our assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to exercise our purchase option We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates At the closing, you agree to deliver instruments transferring to us (or our assignee) (a) good and merchantable title to the assets purchased, 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 Office's licenses and permits which may be assigned or transferred

15 5 4 If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow You further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our respective shareholders, officers, directors, employees, agents, representatives, successors and assigns If we exercise our rights under this Section 15 5, you agree that, for three (3) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15 4 above

15 6 Continuing Obligations

All of our and your obligations hereunder which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire

15 7 Liquidated Damages

If we terminate this Agreement pursuant to Article 14, you must pay us liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12)

months before the termination multiplied by twenty-four (24), being the number of months in two (2) full years

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

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

ARTICLE 16
RELATIONSHIP OF THE PARTIES, INDEMNIFICATION

16 1 Independent Contractors

You and we understand and agree that this Agreement does not create a fiduciary relationship between us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose You agree to identify yourself conspicuously in all dealings with clients, suppliers, public officials, Office personnel and others as the ATC Healthcare Services Office's independent owner under a Franchise we have granted You further agree to place notices of independent ownership on the forms, business cards, stationery, advertising and other materials we require from time to time, including without limitation a conspicuously placed sign at the Office

16 2 No Liability for Acts of Other Party

We and you agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship is other than franchisor and franchisee We will not be obligated for any damages to any person or property directly or indirectly arising out of the Office's operation or the business you conduct under this Agreement

16 3 Taxes

We will have no liability for any sales, use, service, occupation, excise, sales, income, property, corporate or other taxes, whether levied upon you or the Office, due to the business you conduct (except any taxes we are required by law to collect from you for purchases from us, if we are an approved supplier) You are responsible for paying these taxes

16 4 Indemnification by You

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Franchisor Indemnified Parties") from and against, and to reimburse any one or more of the Franchisor Indemnified Parties for, any and all claims, obligations and damages directly or

indirectly arising out of the Office's operation, the business you conduct under this Agreement, or your breach of this Agreement For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Franchisor Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced

Each Franchisor Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent Additionally, a Franchisor Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Franchisor Indemnified Party for any amount that the Franchisor Indemnified Party paid under the settlement terms This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination A Franchisor Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that a Franchisor Indemnified Party may recover from you

16 5 Indemnification by Us

To the fullest extent permitted by law, we agree to indemnify, defend and hold harmless you, your affiliates, and your respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Franchisee Indemnified Parties") from and against, and to reimburse any one or more of the Franchisee Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of our gross negligence or intentional acts For purposes of this indemnification, ' claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Franchisee Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced

Each Franchisee Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at our expense, and we may settle any claim or take any other remedial, corrective or other actions relating to any claim we may choose This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination A Franchisee Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against us We agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that a Franchisee Indemnified Party may recover from us

ARTICLE 17
MISCELLANEOUS PROVISIONS, DISPUTE RESOLUTION

17 1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such

portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt of written notice of non-enforcement thereof from us If any covenant herein which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless we elect to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions You agree to be bound by any such modification to this Agreement

17 2 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof, any failure, refusal or neglect of ours or yours to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other ATC Healthcare Services Offices, or our acceptance of any payments due from you after any breach of this Agreement

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our respective obligations results from (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof, (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof, (3) acts of God, (4) fires, strikes, embargoes, war or riot, or (5) any other similar event or cause, except where you are found to have deliberately or by gross negligence been the direct or indirect cause of the calamity Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees, Brand Development Fees or other payments due hereunder

17 3 Injunctive Relief

Notwithstanding anything to the contrary contained in Section 17 6 of this Article, either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief, provided, however, that such party shall contemporaneously submit the dispute to mediation and arbitration on the merits in accordance with Section 17 6 of this Article You agree that we may have such temporary or preliminary injunctive relief without bond, but upon due notice, and your sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby)

17 4 Rights of Parties are Cumulative

Our and your rights hereunder are cumulative and no exercises or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law to enforce

17 5 Costs and Attorneys' Fees

If we incur expenses in connection with your failure to pay when due amounts to us or our affiliates, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you shall reimburse us for any such costs and expenses which we incur, including but not limited to reasonable legal, mediators', arbitrators', accounting and related fees

17 6 Dispute Resolution

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

17 7 Governing Law

All matters relating to arbitration shall be governed by the Federal Arbitration Act Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et seq) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of New York, without regard for its conflicts of laws principles

17 8 Jurisdiction

With respect to actions described in Section 17 3 above and any other actions not subject to mediation or arbitration under Section 17 6 above, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in Nassau County, New York You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court

17 9 Waiver of Punitive Damages

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains

17 10 Waiver of Jury Trial

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party

17 11 You May Not Withhold Payments

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Royalty Fees, Brand Development Fees, direct costs, amounts due to us for purchases by you or any other amounts due to us

17 12 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest Subject to our right to modify the Operations Manual, this Agreement shall not be modified except by written agreement signed by you and us

17 13 Limitations of Claims

Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date you or we knew or should have known of the facts giving rise to such claims

17 14 Entire Agreement, Construction

The preambles and exhibits are a part of this Agreement, which together with the Operations Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us The term "Franchisee" as used herein is applicable to one or more persons, a corporate entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine If two or more persons are at any time Franchisee hereunder, their obligations and liabilities to us shall be joint and several References to "Franchisee" and "transferee" which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation or partnership References to "controlling interest" in Franchisee shall mean greater than fifty percent (50%) of the equity or voting

control of Franchisee The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any action or request by you, we have the absolute right to refuse any request by you or to withhold our approval of any action by you that requires our approval Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto

17 15 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent

17 16 Step-In Rights – Cause for Step-In

If we determine in our sole judgment that the operation of your Office is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Office which would cause harm to the System and thereby lessen its value, you authorize us to operate your Office for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement In our sole judgment, we may deem you incapable of operating the Office if, without limitation, you are absent or incapacitated by reason of illness or death, you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Office, or we determine that operational problems require that we operate your Office for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Office as a going concern

17 17 Step-In Rights – Duties of Parties

We shall keep in a separate account all monies generated by the operation of your Office, less the expenses of the Office, including reasonable compensation and expenses for our representatives as well as our other expenses incurred in exercising our rights pursuant to Sections 17 16 and 17 17 In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination

ARTICLE 18
NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered

(a) at the time delivered by hand with confirmation receipt,

(b) with respect to the Royalty Fee and other amounts due, at the time we actually credit/debit your account (if we use electronic funds transfer for the Office),

(c) with respect to materials that we post on our intranet or similar electronic site for franchisees, at the time such materials are first accessible at the site,

(d) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent, or

(e) with respect to notices to you of any breach of this Agreement, one (1) business day after being placed in the hands of a commercial courier service for next business day delivery or by Certified Mail, Return Receipt Requested

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, and signed by the party giving the same Addresses for notification are

Us	ATC Healthcare Services, Inc 1983 Marcus Avenue, Suite E-122 Lake Success, New York 11042 Attention President Fax (516) 750-1683
With a copy to	Harold L Kestenbaum, Esq 175 BroadHollow Road, Suite 175 Melville, New York 11557 Fax (516) 745-0293
You	_____ _____ _____

Either party may change its address for notice purposes by giving the other party written notice, as herein provided, of such change

ARTICLE 19
SECURITY INTERESTS

19 1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Office, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Office All items in which a security interest is granted are referred to as the "Collateral"

19 2 Indebtedness Secured

The Security Interest is to secure payment of the following (the ' Indebtedness")

19 2 1 All amounts due under this Agreement or otherwise by you,

19 2 2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness,

19 2 3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement, and

19 2 4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments

19 2 5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Office, including, but not limited to, a real property mortgage and equipment leases

19 3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us

19 4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral

19 5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found Any sale of the Collateral may be conducted by us in a commercially reasonable manner Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above

19 6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction

ARTICLE 20
ACKNOWLEDGMENTS

To induce us to sign this Agreement and grant you the Franchise, you acknowledge

(a) That you have independently investigated the ATC Healthcare Services Office franchise opportunity and recognize that, like any other business, the nature of an ATC Healthcare Services Office may, and probably will, evolve and change over time

(b) That an investment in an ATC Healthcare Services Office involves business risks

(c) That your business abilities and efforts are vital to your success

(d) That retaining clients for your ATC Healthcare Services Office will require a high level of client service and strict adherence to the System and the System Standards and that you are committed to maintaining the System Standards

(e) That, except as set forth in our Disclosure Document, you have not received or relied upon, and we expressly disclaim making, any representation, warranty or guaranty, express or implied, as to the revenues, profits or success of the Office

(f) That the persons signing this Agreement are all persons who have any ownership interest with respect to the Operating Assets, the Office or any of the Office's profits or losses

(g) That any information you have acquired from other ATC Healthcare Services franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy

(h) That you have no knowledge of any representations made about the ATC Healthcare Services Office franchise opportunity by us, our subsidiaries or affiliates or any of our respective officers, directors, shareholders or agents that are contrary to the statements made in our Disclosure Document or to the terms and conditions of this Agreement

(i) That in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are only between you and us

(j) That you have represented to us, to induce us to enter into this Agreement, that all statements you have made and all materials you have given us in acquiring the Franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchise

(k) That you have read this Agreement and our Disclosure Document and understand and accept that the terms and covenants in this Agreement are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each ATC Healthcare Services Office, and to protect and preserve the goodwill of the Marks

(l) That you have received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Office Opportunity Ventures" at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment was made to us or our affiliates

[Signatures appear on the next page]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the date stated on the first page above

FRANCHISEE	FRANCHISOR
_____	ATC HEALTHCARE SERVICES, INC , A Georgia corporation
By _____ Name _____ Title _____	By _____ Name _____ Title _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
OWNERS

1 Owners List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in the Franchisee, and describe the nature of the interest

Name _____ Number of Ownership Interests Owned _____
Address _____ % of Total Ownership Interests _____
_____ Other Interest (Describe) _____

Name _____ Number of Ownership Interests Owned _____
Address _____ % of Total Ownership Interests _____
_____ Other Interest (Describe) _____

Name _____ Number of Ownership Interests Owned _____
Address _____ % of Total Ownership Interests _____
_____ Other Interest (Describe) _____

Name _____ Number of Ownership Interests Owned _____
Address _____ % of Total Ownership Interests _____
_____ Other Interest (Describe) _____

As used in this Agreement, a "Principal Owner" is an Owner who holds twenty-five percent (25%) or more of the ownership interests of Franchisee

2 Ownership Structure and Initial Capitalization You and your Owners represent and warrant that the ownership structure of Franchisee is as follows

OWNERSHIP STRUCTURE		
Owner	Number of Ownership Interests	Percentage Ownership

As of the date hereof there are _____ (_____) Ownership Interests authorized and there are _____ (_____) Ownership Interests which are issued and outstanding There are no other authorized classes of shares

EXHIBIT B TO THE FRANCHISE AGREEMENT
SITE AND TERRITORY

1 The Site of the Office will be located at (to be filled in subsequent to the acquisition of the Franchise territory as per paragraph 2 1 of the Franchise Agreement)

2 The Territory shall be

☐ The Franchise Agreement is for three (3) ATC Healthcare Services Offices under our multi-unit discount package, and the Sites and Territories for these additional Offices shall be as follows

The Site of Office #2 will be located at (to be filled in subsequent to the acquisition of the Franchise territory as per paragraph 2 1 of the Franchise Agreement)

The Territory for Office #2 shall be

The Site of Office #3 will be located at (to be filled in subsequent to the acquisition of the Franchise territory as per paragraph 2 1 of the Franchise Agreement)

The Territory for Office #3 shall be

You and we acknowledge and agree that (i) we reserve the right to require you to execute separate Franchise Agreements for Offices #2 and 3, provided that no additional initial franchise fee will be charged, or (ii) if we do not require you to execute separate Franchise Agreements, then you and we will executed updated versions of this Exhibit B as necessary to reflect the Sites and Territories for Offices #2 and 3, and all provisions of this Agreement shall apply to such Offices

FRANCHISEE

_____
A Georgia corporation

By _____
Name _____
Title _____

FRANCHISOR

ATC HEALTHCARE SERVICES, INC ,

By _____
Name _____
Title _____

Date _____

EXHIBIT C TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ___ day of _____, 20___, by _____ In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by ATC Healthcare Services, Inc ("the Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to the Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Article 7 and Section 15 4

Each of the undersigned consents and agrees that (1) his/her direct and immediate liability under this guaranty shall be joint and several, (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so, (3) such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against Franchisee or any other person, and (4) such liability shall not be diminished, relieved or otherwise affected by an extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisor arising as a result of the undersigned's execution of and performance under this guaranty

If the Franchisor is required to enforce this guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, it shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding If the Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this guaranty, the undersigned shall reimburse the Franchisor for any of the above-listed costs and expenses incurred by it

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature on the same day and year as the Agreement was executed

GUARANTOR(S)

_____

_____

_____

EXHIBIT D TO THE FRANCHISE AGREEMENT
INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the "Internet Listing Agreement ') is made and entered into as of the _____ day of _____, 20___ (the "Effective Date"), by and between ATC Healthcare Services, Inc , a Georgia corporation (the "Franchisor"), and _____, a _____ (the "Franchisee")

WITNESSETH

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for an ATC Healthcare Services Office (the "Franchise Agreement"), and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement,

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows

1 **DEFINITIONS**

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof

2 **TRANSFER, APPOINTMENT**

2 1 Interest in Internet Web Sites and Listings Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Office or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest")

2 2 Transfer On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs

2 3 Appointment, Power of Attorney Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this

Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Internet Listing Agreement Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following

2 3 1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor,

2 3 2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings, and

2 3 3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest

2 4 Certification of Termination Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated

2 5 Cessation of Obligations After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement

3 MISCELLANEOUS

3 1 Release Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement

3 2 Indemnification Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement

3 3 No Duty The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings

3 4 Further Assurances Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement

3 5 Successors, Assigns, and Affiliates All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement

3 6 Effect on Other Agreements Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein

3 7 Survival This Internet Listing Agreement shall survive the Termination of the Franchise Agreement

3 8 Joint and Several Obligations All Franchisee's obligations under this Internet Listing Agreement shall be joint and several

3 9 Governing Law This Internet Listing Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date

ATC HEALTHCARE SERVICES, INC	FRANCHISEE
By _____	By _____
Name _____	Name _____
Title _____	Title _____

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the 'Telephone Listing Agreement") is made and entered into as of the _____ day of _____, 20___ (the "Effective Date"), by and between ATC Healthcare Services, Inc, a Georgia corporation (the 'Franchisor"), and _____, a _____ (the "Franchisee")

WITNESSETH

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for an ATC Healthcare Services Office (the "Franchise Agreement"), and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement,

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows

1 DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof

2 TRANSFER, APPOINTMENT

2 1 Interest in Telephone Numbers and Listings Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Franchised Office or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest ')

2 2 Transfer On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs

2 3 Appointment, Power of Attorney Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the

Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following

2 3 1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor,

2 3 2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings, and

2 3 3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest

2 4 Certification of Termination Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated

2 5 Cessation of Obligations After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement

3 MISCELLANEOUS

3 1 Release Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement

3 2 Indemnification Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement

3 3 No Duty The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings

3 4 Further Assurances Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement

3 5 Successors, Assigns, and Affiliates All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement

3 6 Effect on Other Agreements Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein

3 7 Survival This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement

3 8 Joint and Several Obligations All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several

3 9 Governing Law This Telephone Listing Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date

ATC HEALTHCARE SERVICES, INC

By _____
Name _____
Title _____

FRANCHISEE

By _____
Name _____
Title _____

EXHIBIT E TO THE FRANCHISE AGREEMENT
MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement contains provisions that are 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 contains covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker 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

6 The franchise agreement requires binding arbitration The arbitration will occur in New York with the costs being borne by the franchisee and franchisor 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

7 The Franchise Agreement requires application of the laws of New York This provision may not be enforceable under California law

8 You must sign a general release if you renew or transfer your franchise California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043)

9 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

10 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

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

12 The Franchise Agreement contains a waiver of jury trial clause This clause may not be enforceable under California law

13 OUR WEBSITE, www atchealthcare com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1 The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself

> Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State" This Section of the Act replaces any contradictory language contained in the Franchise Agreement

2 Illinois law governs the Franchise Agreement

3 Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code "

4 Under Illinois law at 200 608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law" The appropriate sections of the Franchise Agreement are amended accordingly

5 The Franchise Agreement is amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred

6 Item 17(g) of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

(A) There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests The appropriate sections of the Franchise Agreement are hereby amended

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for ATC Healthcare Services, Inc 's Franchise Disclosure Document and for its Franchise Agreement The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 11 of the Franchise Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund as required by Maryland Franchise Registration and Disclosure Law, by requesting same in a written request to Franchisor

3 Item 17 of the Franchise Disclosure Document and the appropriate section of the Franchise Agreement shall be amended to state that, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Item 17 of the Franchise Disclosure Document is hereby amended to state that a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 The Franchise Agreement is hereby amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise 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

7 The Franchisee disclosure acknowledgment statement is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

8 Item 5 of the Franchise Disclosure Document and the Franchise Agreement are amended to state that all initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement

9 A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law

DISCLOSURE 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

(a) A prohibition on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document effectively amends and revises said Disclosure Document and Franchise Agreement as follows

1 Item 13 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

"In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use '

2 Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

"Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document and the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

"Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 The Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 The Franchise Agreement section regarding Limitations of Claims is hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Item 6, Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

9 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required The Franchise Agreement is hereby amended accordingly

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

3 LITIGATION

Neither the Franchisor, its Predecessor nor any person listed under Item 2 or an affiliate offering franchises under Franchisor's principal trademark

(A) 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) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten 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, anti-fraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices, or comparable allegations

(C) 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, except as follows

Pending Litigation

None

Completed Litigation

1 *Securities and Exchange Commission in the matter of ATC Healthcare, Inc* (Administrative Proceeding File No 3-14245) In February 2011, the SEC initiated these proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934 Without admitting or denying any findings in this proceeding, we have reached a settlement with the SEC and registration of shares of our stock, formerly traded on the Pink Sheets under the symbol "AHNA", have been revoked

2 *Roaring Fork Capital SBIC, L P v ATC Healthcare Inc , et al* (District Court, City and County of Denver, Colorado, Case No 2010-cv-1247) In February 2010, Plaintiff, a former investor in ATC Healthcare, Inc , filed two virtually identical lawsuits against ATC, and some of its current and former officers and directors, in the Colorado federal and state courts Plaintiff's complaints allege violations of the federal Securities Exchange Act, the Colorado Securities Act, and the common law tort of negligent misrepresentation Plaintiff bases its claim on eight alleged accounting and controls issues Defendant believes that Plaintiff's case parallels Defendants accounting malpractice action filed in New

York against Defendant's former auditors The defendants filed motions to dismiss the federal case, which have been granted, and Plaintiff has withdrawn its claims against former officers and directors of Defendant, except David Savitsky and Andrew Reiben On May 21, 2012 the parties entered into a memorandum of understanding outlining the essential terms and conditions of an agreement in principle where the Defendants' officer's liability insurance policy will pay the Plaintiff the amount agreed upon by the parties in full settlement of the matter

4 BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the ten year period immediately before the date of the disclosure document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code (or any comparable foreign law), (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership, except as follows

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity The information contained in this disclosure has not been verified by the State If you have any questions about this investment, see an attorney before you sign a contract or agreement

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled (N C G S §66-95)

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

> (B) "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ATC Healthcare Services, Inc for use in the Commonwealth of Virginia shall be amended as follows

1 Additional Disclosure The following statements are added to Item 17 h

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute ' reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of 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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

ATC HEALTHCARE SERVICES, INC

_____
Witness

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

EXHIBIT F TO THE FRANCHISE AGREEMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, ATC Healthcare Services, Inc (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of an ATC Healthcare Services Office (the "Office") The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Office from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Office from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _____, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

8 Have you discussed the benefits and risks of establishing and operating an Office with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Office will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Office operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Office that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Office will generate that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Office that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an Office?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

_____

_____

_____

_____

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

_____

_____

_____

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the 'Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By _____
Signature

Print Name_____

Title_____

EXHIBIT G TO THE FRANCHISE AGREEMENT
CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT
(ATC Corporate and ATC Franchisee)

This Agreement ("Agreement") is made and entered into this ____ day of _____, 20_ _, by and between ATC Healthcare Services, Inc, ("ATC Corporate") / _____, a Franchisee of ATC Corporate ("ATC Franchisee") and _____ (' Employee")

In consideration of Employee's employment or continued employment by ATC Franchisee, and intending to be legally bound, Employee agrees as follows

1 Employee Warranties

Employee warrants that (s) he is free to enter into the terms of this Agreement and has no obligations inconsistent with unrestrained employment for ATC Franchisee Employee further agrees that during this employment, Employee shall not prepare for, undertake or discuss with other employees of ATC any business or professional employment of any kind which is competitive with ATC

2 Definition of Confidential Information

Employee understands that in the course of his or her employment with ATC Franchisee, he or she will receive and become aware of certain confidential, proprietary or trade secret information of ATC, including, but not limited to data or information in customer files or information obtained from customers, marketing and operating techniques, methods, systems and procedures, billing information relating to services and customers, company created software and databases, personnel information (including the identity of ATC employees, consultants, their responsibilities, competence and abilities, and compensation), home and cellular telephone numbers, home addresses, personal pager numbers, hourly pay rates and pay practices, information concerning planned or pending acquisitions or divestitures, and all other non-public information, as well as other information which could give a third party an opportunity to obtain an advantage over ATC (collectively "Confidential Information") Employee also acknowledges that during the course of his or her employment, he or she may be introduced to or assigned, by ATC Franchisee managers, valuable ATC referral sources and that if this Information were to fall under the control of a competitor, ATC's business would be seriously jeopardized Employee acknowledges the confidential nature of such information and agrees to keep it strictly confidential

3 Confidentiality Obligations

During and after his or her employment with ATC Franchisee, in addition to his or her obligations under any applicable Trade Secret Act, Employee shall not divulge (directly or indirectly), use or communicate such information to or for the benefit of anyone other than ATC either during his or her employment or for a period of three (3) years after such employment shall cease Employee expressly acknowledges that such time period is reasonable and justified

to protect ATC's legitimate interest in such information In no event will Employee disclose any confidential information to, or use any confidential information for the benefit of any competitor, supplier, or client of ATC If Employee has any questions about what may be classified as confidential information or what may be disclosed pursuant to the normal course of his or her duties with ATC Franchisee, (s) he will request clarification from his or her supervisor in writing

4. Former Employers

Employee acknowledges that ATC Franchisee expects its employees to respect and safeguard trade secrets and confidential information of their former employers Employee will not disclose to ATC, use in ATC's business, or cause ATC to use, any information or material that is confidential to any former employer, unless such information is no longer confidential or ATC or employee has obtained the written consent of such employer to do so

5 Return of Property

Employee acknowledges that all documents, samples and equipment relating to the business of ATC and all confidential information, whether developed or prepared by him or her or otherwise coming into his or her possession, are the exclusive property of ATC, and all such documents, samples, and equipment must not be removed from the premises of ATC Franchisee, except as required in the course of employment with ATC Franchisee Employee agrees that he or she will not, for any purpose inconsistent with his or her duties on behalf of ATC, either directly or indirectly, copy, duplicate, record, summarize, or reproduce in any form, Confidential Information or ATC documents or records, without prior written consent of an executive officer of ATC Upon termination of employment with ATC Franchisee, he or she will deliver to ATC Franchisee, all ATC Franchisee property in his or her possession, including notebooks, reports, manuals, programming data, listings and materials, prospects, client and prospective client lists, client information, engineering or patent drawings, patent applications and any other documents, file or materials which contain, mention or relate to Confidential Information, and all copies and summaries of such material

6 Restrictive Covenants

(a) Non-Solicitation of Employees

While employed by ATC Franchisee, and for a period of twelve (12) months from the date of termination of employment with ATC Franchisee for any reason, Employee will not directly or indirectly solicit, induce or encourage any ATC employee(s) to terminate their employment with ATC or to accept employment with any competitor, supplier Or client of ATC, nor will Employee cooperate with any others in doing or attempting to do so As used herein, the term "solicit, induce or encourage" includes, but is not limited to (I) having or initiating communications with an ATC employee relating to possible employment with a competitor, supplier, or client of ATC, (ii) offering bonuses or additional compensation to encourage ATC employees to terminate their employment with ATC and accept employment with a competitor, supplier or client of ATC, or (iii) referring ATC employees to personnel or

agents employed by competitors, suppliers or clients of ATC

(b) Non-Solicitation of Clients

For a period of twelve (12) months from the date of termination of employment for any reason, Employee agrees that (s)he will not, either directly or indirectly, as a principal agent, contractor, employee, employer, partner or shareholder (other than as an owner of 2% or less of the stock of a public corporation) or in any other capacity (i) solicit, recruit, place, or attempt to solicit, recruit or place any ATC client, as defined below, or (ii) otherwise engage in any areas of business engaged in by ATC as of the date of termination ("ATC Business") with any current or former client of ATC, provided that (s)he had responsibilities or duties with respect to, or was involved in the recruitment or solicitation of, such current, former, or prospective ATC client within the twelve (12) months immediately preceding termination For purposes of sub-paragraph 5 (b), the term ATC client includes, but is not limited to nurses, field associates, allied health care professionals in any specialties, physicians, medical office support personnel, and other health care professionals, whether temporary or regular employees, independent contractors, or otherwise classified, and facilities and/or other entities providing health care and/or services, anyone or any entity utilizing ATC services, including, but not limited to, outpatient centers, inpatient facilities, sub-acute care facilities, long-term care facilities, rehabilitation centers, clinics, physician offices and practices, nursing homes, rehabilitation facilities, residential facilities for the mentally retarded and developmentally disabled, and acute care hospitals

(c) Non-Compete

While (s)he is employed by ATC Franchisee and for a period of twelve (12) months from the date of termination of employment with ATC Franchisee for any reason, Employee agrees that (s)he will not directly or indirectly, as a principal, agent, contractor, employee, employer, partner, shareholder (other than as an owner of 2% or less of the stock of a public corporation) or in any other capacity, engage in, solicit, or perform services for any person or entity engaged in the same or similar business as ATC within a sixty (60) mile radius of any ATC office to which (s)he has been principally assigned within two (2) years prior to termination (the "Restricted Territory'), without the prior written consent of ATC

7 Severability

In the event that any provision of this Agreement is held to be unenforceable, a court may modify such provision in any manner which results in an enforceable restriction In such event, the remaining provisions of this Agreement will continue in full force and effect

8 Relief

Employee acknowledges that violation or threatened violation of this Agreement will cause ATC irreparable harm and that it may be impossible to measure the monetary harm to ATC or that money damages may not provide an adequate or sufficient remedy Employee agrees that ATC is entitled to protection from such violations, including protection by injunctive

relief, without posting a bond, in addition to any other remedies available under the law Employee further agrees that ATC shall be entitled to inform in writing all of his or her potential or actual new employer(s) of the terms of this agreement Employee agrees to disclose the terms of this Agreement to any subsequent employers before accepting an offer of employment

9. Subsidiaries and Affiliates

Employee understands and agrees that this Agreement is executed by ATC on its own behalf and on behalf of each of its parents, successors, subsidiaries, affiliates, and assigns and that such parents, successors, subsidiaries, affiliates and assigns may enforce this Agreement in their own names as if they were parties to this Agreement This Agreement is for the benefit of ATC Corporate and ATC Franchisee, unless expressly otherwise provided all of the obligations of Employee hereunder run to both of ATC Corporate and ATC Franchisee, and each of them may fully enforce this Agreement against Employee

10. Entire Agreement

This Agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all oral or written negotiations, understandings, and agreements This Agreement may not be modified or amended except in a signed writing by the parties

11 Tolling, Survival of Obligations

The time periods agreed to in this Agreement shall be tolled and shall cease to run during any violation of Paragraphs 3, 5 and 6 Paragraph two (2) through seventeen (17) of this Agreement shall survive its termination in accordance with the term thereof

12 Assignment

Employee acknowledges and agrees that this Agreement and the rights and obligations of ATC hereunder may be assigned by ATC to an affiliate, subsidiary, or successor, by purchase or otherwise

13 Voluntary Agreement

Employee acknowledges and agrees that (s) he is entering into this Agreement voluntarily and of his or her free will in order to obtain employment and continued employment by ATC Employee acknowledges and agrees that (s) he has not been coerced or suffered any duress in order to induce him or her to enter into this Agreement

14 Governing Law

This Agreement shall be governed by, and construed in accordance with the laws of the State of New York, without regard to its conflict of law principles The parties agree that any action brought by a party to enforce or interpret this Agreement shall be brought only in a

state or federal court in such state

15. Waivers

No delay on the part of any party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by any party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy Further, no failure on the part of ATC to seek to enforce similar agreements shall constitute a waiver of its rights under this Agreement

16. Employment-At-Will

Employee agrees that this Agreement does not constitute or create a contract of employment for a fixed term with ATC, and that as an employee-at-will, (s)he is free to leave ATC Franchisee's employ at any time and that ATC Franchisee has the same right to end the employment relationship at any time for any lawful reason

Remainder of Page Left Blank Intentionally

17 Attorney Fees

In the event a proceeding is initiated to enforce any of the provisions of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party its, his or her reasonable attorney's fees, costs and expenses

_____
Employee

_____
Date

ATC Franchisee.

_____
Name of Franchisee

By _____

_____
Name

_____
Date

EXHIBIT H TO THE FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to ATC Healthcare Services, Inc , a Georgia corporation (' Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as _____ This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises

Upon Assignor's default under the Lease or under the "Franchise Agreement" for an ATC Healthcare Services business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal

ASSIGNEE	ASSIGNOR
ATC HEALTHCARE SERVICES, INC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease,

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above,

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease, and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as an ATC Healthcare Services Office

Dated _____

_____

_____, Lessor

EXHIBIT D-1
GUARANTEE OF PERFORMANCE

Form E – Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, ATC Healthcare, Inc , a Delaware corporation (the "Guarantor"), located at 1983 Marcus Avenue, Suite 122, Lake Success, New York 11042, absolutely and unconditionally guarantees to assume the duties and obligations of ATC Healthcare Services, Inc , located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2018 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time This guarantee continues until all obligations of the Franchisor under the franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding Notice of acceptance is waived The Guarantor does not waive receipt of notice of default on the part of the Franchisor This guarantee is binding on the Guarantor and its successors and assigns

The Guarantor executes this guarantee at Lake Success, NY on the 29 day of January, 2018

Guarantor

ATC HEALTHCARE, INC

By _____

Name David Savitsky

Title CEO

EXHIBIT E TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES
As of 9/30/2017

Alabama	
Martin & Kayla Briggs 200 RiverHills Business Park Suite #235 Birmingham, AL 35242 205-870-7423	
California	
Dorika Beckett 5855 Green Valley Circle Suite 206 Culver City, CA 90230 310-590-1690 Agreement signed April 1, 2005	Dorika Beckett 7600 North Ingram Ave #102 Fresno, CA 93711 209-492-9300 Agreement signed January 21, 2005 (Transferred From Chadwell)
Marianne Kanji 6848 Embarcadero Lane Carlsbad, CA 92011 442-244-5117 Agreement signed 5/10/2017	
Florida	
Laurie Davidson 4063 Salisbury Road, Suite 103 Jacksonville, Florida 32216 904-239-5009 Agreement signed April 24, 2014	
Georgia	
Judi Tompkins 1827 Powers Ferry Road Building 21 Suite 300 Atlanta, GA 30339 770-933-6218	Judi Tompkins 3015 Heritage Road, Suite 9 Milledgeville, GA 31061 478-414-1960
Sara and Thomas Moody 3154 Perimeter Parkway Bldg#3 Augusta, Georgia 30909 Agreement signed June 18, 2015	
Illinois	

Cindy Weiner 7250 College Drive #2 SW Palos Heights, IL 60463 708-361-5874	
Indiana	
Jill Bush 574 Bridge Street Mooresville, IN 46158 317-831-2300	Jogendra Suryadevara 1022 South 250 West Albion, IN 46701 260-414-9668
Maryland	
Cornell Grant 1450 Mercantile Lane,, Suite 243 Largo, MD 20774 301-772-9616	
Michigan	
Wendy White 203 Dartmouth Drive Midland, MI 48640 989-839-2310	
New Jersey	
Jeff Singer 25 White Horse Pike Audobon, NJ 08106 856-795-4442	
New York	
Carl Sparacino 1983 Marcus Ave, Suite E122 Lake Success, NY 11042 Agreement Signed – June 29, 2016	
North Carolina	
Ken Bieman 6047 Tyvola Glen Circle Charlotte NC 28217 704-895-3044	
Ohio	
Gina McLaughlin 310 Churchill Hubbard Road Suite E Youngstown, OH 44505 330-759-9722	Ronnie Rasul 1430 South High Street Columbus, OH 43207 614-586-1234
Brian Hillard 10475 Montgomery Road, Suite A-1 Cincinnati, OH 45242 513-791-3630	

Pennsylvania	
Sean Murphy 8600 West Chester Pike Suite 303 Upper Darby, PA 19082-2629 215-592-7600	Rick Carr 821 Main Street Pittsburgh, PA 15215 412-782-4282
South Carolina	
William & Lynn Dion 718-B Wappoo Road Charleston, SC 29407 843-556-0303	
Texas	
Torshia Watson 2610 W FM 544 Wylie, TX 75098 972-442-5332 Agreement signed 6/20/2017	
Virginia	
Erlinda Duenas 6325 North Center Drive, Suite 230 Norfolk, VA 23502 757-461-6651	Erlinda Duenas 3500 Kensington Avenue Richmond, VA 23221 804-353-0170

EXHIBIT F TO THE DISCLOSURE DOCUMENT
FRANCHISEES WHO HAVE LEFT THE SYSTEM
As of 9/30/2017

ARIZONA	
Ronnie Rasul 3030No Central Avenue Suite #104 Phoenix, AZ 85012 602-956-3151 This location was reacquired by Franchisor 8/31/2017	
CALIFORNIA	
Ravindra Savanur 1720 South Amphlett Blvd , Suite 218 San Mateo, CA 94402 650-437-2285 Agreement signed July 25, 2014 Reacquired by Franchisor on 6/24/2017	
Wayne Garrido 3407 Southwood Drive Oceanside, CA 92058 510-509-8483 Reacquired by Franchisor on 5/1/2017	
ILLINOIS	
Chris Reuter 800 Roosevelt Road Bldg B Suite 420 Glen Ellyn, IL 60137 630-764-9606 Reacquired by Franchisor 6/8/2017	
MISSOURI	
Ron Edgar 10097 Manchester Road, Suite 209 Warson Woods, MO 63122 314-965-9700 Terminated on 5/30/2017	
SOUTH CAROLINA	
Preston Anderson 3935 Sunset Blvd Suite G Columbia, SC 29169 803-796-9612 Assigned back to Franchisor on 9/30/2017	
TEXAS	

John Frasse 5200 McDermott Road Suite 225 Plano, Texas 75024 972-372-0178 Terminated on 6/2017	

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

EXHIBIT G TO THE DISCLOSURE DOCUMENT
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EXHIBIT H TO THE DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, ATC Healthcare Services, Inc (the "Franchisor") and you are preparing to enter into a Franchise Agreement (the "Franchise Agreement") for the establishment and operation of an ATC Healthcare Services Franchised Business (the "Franchised Business") The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _____, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

8 Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

_____

_____

_____

_____

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

_____

_____

_____

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the ' Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _____, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By _____
Signature

Print Name_____

Title_____

EXHIBIT I TO THE DISCLOSURE DOCUMENT
GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between ATC Healthcare Services, Inc , a Georgia corporation having its principal place of business located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 (the "Franchisor"), and _____, a _____ with a principal address at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows

1 **Release by Releasor**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees

2 Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph

3 Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary

4 New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto

5 In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New York

6 This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above

Witness

_____

RELEASOR

_____

_____

Witness

_____

ATC HEALTHCARE SERVICES, INC

By _____
Name _____
Title _____

EXHIBIT J

FRANCHISE SELLERS OFFERING THE FRANCHISE IN CALIFORNIA

David Savitsky 1983 Marcus Avenue, Suite E-122 Lake Success, NY 11042 (516) 750-1600	Gordon Dupries 35 Mitchell Blvd , Suite 3 San Rafael, CA 94903 (415) 491-4452
Mary Eastwood 3478 Buskirk Ave , Suite 1000 Pleasant Hill, CA 94523 (925) 566-7665	Katherine Fagan 2025 Gateway Pl , Suite 335 San Jose, CA 95110 (408) 436-2990, (805) 452-2756 (mobile)
Patricia "Patty" Fitzgerald 8050 North Palm Avenue, Suite 300 Fresno, CA 93711 (559) 389-5816	Page Nicol 2131 Palomar Airport Rd , #200 Carlsbad, CA 92011 (760) 448-2400
Roxanne Rapske 993 South Santa Fe Ave , #C-137 Vista, CA 92083 (760) 477-7075	Vic Scimo 1463 Knoll Park Lane Fallbrook, CA 92028 (760) 505-9417
Michael Tilbrooke as Active Planet Investments, Inc 609 Deep Valley Drive, Suite 200 Rolling Hills Estates, CA 90274 (213) 200-3498	Cari Lyn Vinci 970 Reserve Drive, Suite 100 Roseville, CA 95678 (916) 517-1612
Joan Young 2025 Gateway Place, Suite 335 San Jose, CA 95110 (408) 436-2990, (408) 436-1900	Justin LaCava 1055 St Paul Place Cincinnati, OH 45202 (513) 578-3859
Kristian Higgs 1055 St Paul Place Cincinnati, OH 45202 (513) 646-4712	Michael Pollock 1983 Marcus Avenue, Suite E-122 Lake Success, NY 11042 (214)551-0261
Natalie Nutter 2770 Horseshoe Drive South Suite 6 Naples, FL 34104	Mike Malone 1983 Marcus Avenue Suite E-122 Lake Success, NY 11402

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

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 ATC Healthcare Services, 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 and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If ATC Healthcare Services, Inc does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A

The franchisor is ATC Healthcare Services, Inc , located at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042 Its telephone number is (516) 750-1600

Issuance date January 29, 2018

The name, principal business address and telephone number of the franchise seller for this offering is Patrick Rozmus
1983 Marcus Avenue, Suite E-122
Lake Success, New York 11042
(516) 750-1600

The names, principal business addresses, and telephone numbers of each franchise seller offering the franchise in the State of California are listed in Exhibit J

ATC Healthcare Services, Inc authorizes the agents listed in Exhibit A to receive service of process for it

I have received a disclosure document dated _____, 20___ that included the following Exhibits

A – List of State Agencies/Agents for Service of Process	F – List of Franchisees Who Have Left the System
B – State Specific Addendum	G – Table of Contents of Operations Manual
C – Franchise Agreement (with state specific addendum)	H – Franchisee Disclosure Acknowledgment Statement
D – Financial Statements	I – Form of General Release
E – List of Franchisees	J – Franchise Sellers Offering the Franchise in CA

Date _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

You may return the signed receipt either by signing, dating and mailing it to ATC Healthcare Services, Inc at 1983 Marcus Avenue, Suite E-122, Lake Success, New York 11042, or by faxing a copy of the signed and dated receipt to ATC Healthcare Services, Inc at (516) 750-1683 .

RECEIPT
(RETURN THIS COPY TO US)

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Date _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

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