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FRANCHISE DISCLOSURE DOCUMENT

BAM FRANCHISING, INC.
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(888) 534-6776

The Franchise offered is for the operation of a retail store that buys and sells new and used LEGO® building bricks, minifigures and accessories to the general public under the name "Bricks and Minifigs®".

The total investment necessary to begin operation of a Bricks & Minifigs™ franchised business is $108,500 to $276,400. This includes $25,000 that must be paid to the Franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact: Ammon McNeff, President, BAM Franchising, Inc., 225 West 520 North, Orem, Utah 84057, (888) 534-6776.

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 contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: May 18, 2020

How to Use This Franchise Disclosure Document

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

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

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What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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Franchise Disclosure Document
BAM Franchising, Inc.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

The Franchisor is BAM Franchising, Inc., doing business as "Bricks & Minifigs®". For ease of reference, BAM Franchising, Inc. is referred to as "we", "us", and "our" in this Disclosure Document. We refer to the person or entity who buys the franchise as "you" or "your" in this Disclosure Document. If you are a Limited Liability Company or Corporation, certain provisions of the Franchise Agreement also apply to your members or owners and will be noted.

We are an Oregon corporation. We anticipate redomiciling our legal entity to the State of Utah during 2020. We do business under the same name as our corporate name "BAM Franchising, Inc." and may also use the names "Bricks & Minifigs", "Bricks and Minifigs" or "Bricks and Figs". Our principal business address is 225 West 520 North, Orem, UT 84057. We operate (through an affiliate disclosed below) and sell franchises for the operation of businesses that operate in a uniform system and in accordance with the business format created and developed by "Bricks and Minifigs®" (the 'Business' or 'Franchise'). We offer a Franchise Agreement for the development and operation of a re-sale store specializing in LEGO® brand products at a specified location that is within a protected territory. We have offered franchises for this business since 2011. We do not have any other business activities. We have not conducted a business of the type to be operated by our franchisees, but our former affiliate, Cerebral Plastics Inc., an Oregon corporation, operated a Bricks and Minifigs business in Canby, Oregon from 2010 to 2017. Our former affiliate transferred the franchise to a franchisee in 2017. We have never offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit B.

Parents, Predecessors and Affiliates:

We have no parents, predecessors or affiliates that are required to be disclosed in this Disclosure Document. We have not had any predecessors during the ten-year period immediately before the close of our most recent fiscal year.

Our Business and the Franchises Offered in this State:

The Bricks & Minifigs® Business has been developed to offer a complete solution for any group or person who is seeking to sell, trade or purchase new and/or used LEGO® building bricks, mini figures and accessories. This is a retail store typically located in shopping malls, strip centers or free standing structures (all of which must be approved by us) featuring high quality LEGO® products and related merchandise. A Bricks & Minifigs® franchise will provide programs permitting customers to sell and/or trade their used LEGO® bricks, LEGO® mini figures and accessories; offer for sale a wide selection of new and used LEGO® bricks, LEGO® mini figures and accessories sold in bulk or full play sets; and offer for sale apparel and other merchandise approved by us. Subject to our standards, specifications, and approval (if we so require), you may also offer the following products and services: online LEGO® sales, LEGO® memorabilia, LEGO® posters, approved non-LEGO® toys, consignment services, approved themed entertainment services (such as birthday parties, holiday parties or school events), approved off-site events, after school project-based programs teaching the principles of building with LEGO® bricks to children, and other toy-related products and services approved by us.

Competition includes LEGO® branded retail stores, discount retail stores, specialty retail stores, department stores and consignment stores operated by national chains, franchised operations and

independently owned retailers and online stores offering similar products to those found in a Bricks & Minifigs® business. Products will typically be sold to families with children, hobbyists and, except that purchases may increase during the period from Thanksgiving to Christmas, the LEGO® re-sale industry is highly competitive throughout the United States as the market is continuously changing and evolving.

The Bricks & Minifigs® business is characterized by a uniform business format that is simple and efficient with distinctive LEGO® products, accessories and inventory management systems; merchandising, sales techniques and methods; a unique and recognizable exterior and interior layout with décor, color scheme, displays and furnishings; a regional Franchise web page housed within the national website; customer service guidelines, product and vendor specifications; guidelines for hiring and retaining staff, operational procedures for a Bricks & Minifigs® business; procedures for safety and quality control; training and ongoing operational assistance; marketing, advertising and promotional programs; all of which may be changed, improved, and further developed by us periodically (the "System"). The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, including, but not limited to, the mark with design "Bricks and Minifigs".

Laws and Regulations:

Generally, there are no governmental regulations that apply specifically to operating a re-sale store specializing in LEGO® brand products. You must comply with all local, state and federal laws that apply to your business and to the public use generally. Those laws include health sanitation, smoking, Equal Employment Opportunity Commission ("EEOC"), Occupational Safety and Health Administration, Federal Trade Commission ("FTC"), consumer protection laws, second hand or re-sale store laws, pricing laws and employment laws. Such employment laws include regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, teenage labor practices, disabled employees and discrimination in employment practices. You must pay your employees properly. You will be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. There may be other laws and codes applicable to your business and we urge you to make further inquiries about those laws and codes.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. Although we may monitor legal requirements that affect our franchisees and we make our information available to you, because of the number of potential state and local issues, we cannot guarantee that it will be complete, current and accurate. Therefore, we recommend that before signing the franchise agreement, you engage an attorney or other professional advisor to assist you in both determining what laws, ordinances and regulations may affect your establishment or operation of a Bricks & Minifigs™ Business, and in complying with them. You are responsible for obtaining licenses required in your state, county, as well as locality.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time. We recommend that you consult with your attorney for an understanding of all the laws applicable to your specific Bricks & Minifigs™ Franchise.

Item 2
BUSINESS EXPERIENCE

Reed Brimhall, Chief Financial Officer

Reed has been our Chief Financial Officer since June 2016. He has served as Senior Executive Vice President and Chief Financial Officer for Scentsy, Inc. in Meridian, Idaho since January 2015. He was Vice President and Chief Accounting Officer for URS Corporation in San Francisco, California from May 2003 to January 2015.

Ammon McNeff, President

Ammon has been our President since April 2018. He has served as President for Legally Mine, LLC in Orem, Utah since January 2011. He has been co-owner of Kragle, LLC, our franchisee in Orem, Utah, since June 2017.

Dan McNeff, Chief Executive Officer

Dan has been our CEO since April 2018. He has served as CEO for Legally Mine, LLC in Orem, Utah since January 2011.

Matthew McNeff, Treasurer

Matthew McNeff has been our Treasurer since April 2018. He has served as Vice-President Marketing for Legally Mine, LLC in Orem, Utah since January 2011. He has been co-owner of Kragle, LLC, our franchisee in Orem, Utah, since June 2017.

Matthew Thomas, Operations Manager

Matthew Thomas has been our Operations Manager since April 2018. From November 2016 to April 2018, he was based in Canby, Oregon and provided Store Support to our franchisees. He served on the staff and served as Store Manager for the Bricks & Minifigs outlet in Canby, Oregon from June 2014 to 2018.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

The Initial Franchise Fee for a single area Franchise (the "Initial Franchise Fee") is $25,000. The Initial Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees.

Currently, you are not required to purchase any equipment, products or inventory from us or our affiliates.

Currently, the Initial Franchise Fee for the purchase of an additional franchise is $10,000.

The initial Franchise Fee is payable in full when you sign the Franchise Agreement, unless otherwise provided in the Multiple Franchise Purchase Addendum to the Franchise Agreement if you are purchasing multiple franchises simultaneously. The initial Franchise Fee is deemed fully earned and is non-refundable except as follows: If during the initial training program, we believe that you are not qualified to operate a Bricks & Minifigs™ Franchise, then we will terminate your Franchise and refund your franchise fee minus our demonstrated expenses without interest.

If you obtain a franchise by purchasing the business of one of our existing franchisees, you will not pay the Initial Franchise Fee, but you or the existing franchisee must pay us our then-current transfer fee (currently $5,000). The mandatory initial training program is included in that fee. In the event that you sell your franchised operation, a separate transfer fee may apply. Payment of the transfer fee covers reasonable legal, accounting, credit check, and investigation expenses that result from the transfer and relieves you of your obligation to pay the Initial Franchise Fee.

Item 6
OTHER ITEMS

Type of Fee	Amount	Due Date	Remarks
Royalties	6% of monthly Revenues or a flat $300-$500 per calendar month (whichever is greater) starting on the opening date of your Business.	Due by the 10th day of each month for the previous month.	See Note 1
System Advertising Fee	A flat $50 per calendar month starting the first full calendar month after the opening date of your Business.	Due by the 10th day of each month for the previous month.	We may increase this fee once in any calendar year, but not more than $15 per month upon 90 days' notice to you. See Note 2 & Item 11

Type of Fee	Amount	Due Date	Remarks
Grand Opening Marketing	You must spend at least $5,000 for Grand Opening Marketing.	In conjunction with the opening of your Store and as we may specify in our Operations Manual	
Interest and Late Charges	1.5% per month, plus 10% of the amount due	On due date of fees	See Note 4
Additional Training	Then-current fees, currently $300 per person per day or costs of third party charges to be determined at our sole discretion.	At time training is scheduled and/or additional assistance is requested by you	While the Initial Franchise Fee includes the cost for our initial training program, the Initial Franchise Fee only covers training for up to three individuals. See Item 11
Transfer Fee	A flat $5,000 fee for each Franchise. If transferee came from our lead database, you may be required to pay the then-current referral fee to us plus any costs associated with applicable broker fees.	At the time the transferee signs the Franchise Agreement in effect for transfer or sale	Payable to us when the Franchise Agreement or a material portion of the assets in the business is transferred
Costs and Attorney's Fees	Will vary under circumstances	As Incurred	Payable as incurred by us in any action for the enforcement of any item of the Franchise Agreement
Audit Expenses	Cost of Audit Fees plus interest @ 18% per year up to the maximum interest rate allowed by law.	Ten days after receipt of audit report	Payable only if you understate Revenues by 2% or more. We expect the cost to be between $2,500- $5,000 unless your books are not well kept.
Indemnification	Will vary under circumstances	On Demand	As Incurred; See Note 5
Association Dues and	Dues and membership fees	As Incurred	See Note 6

Type of Fee	Amount	Due Date	Remarks
Membership Fees	estimated to be $500-$1,000 per year for professional organizations.		
Product and Vendor Assessment Fee	$100 per product or vendor	On demand	See Note 7
Renewal Fee	A flat $2,000 fee for each Franchise	Before renewal	For the same protected area
Maintain and Renovate Business	$0 - $2,000 estimated cost per year or up to $6,000 every third year to maintain and renovate your Business as necessary.	As Incurred	We may require you to renovate your Business once every three years. Payable to third parties.
Conference Fee	Conference fee, travel, transportation, lodging, meals and incidental expenses in addition to compensation of the people you send to any conferences will vary under circumstances. There will be a registration fee for conferences not to exceed $500 per person although we will work in good faith to keep the cost so it does not exceed our cost.	As Incurred	As Incurred and Payable to Third Parties.
Continuing Education	Will vary under circumstances. Continuing Education is currently $300 per person per day subject to the current per diem fee plus our expenses, to be determined at our sole reasonable discretion. There will be a registration	As Incurred	The location for the Continuing Education will be at our headquarters although we reserve the right to provide them over the internet or phone. There may normally be an annual conference for all franchisees and other conferences as needed.

Type of Fee	Amount	Due Date	Remarks
	fee for conferences.		Also see Item 11, (14) (iii) for more detail.

Except as stated above, you pay all fees to us. All fees are non-refundable and are uniformly imposed unless otherwise provided in this Item. We permit renewing franchisees to keep the same royalty fee percentages and minimums when they renew, but we reserve the right to change this practice at any time by requiring renewing franchisees to pay then-current royalty fee percentages and minimums.

Note 1: Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration that you earn or receive from any source-related to, or in connection with, the operation of your franchised business or with this franchise, from all transactions in store, online or any other market place. Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only gratuities paid by customers to employees of the Business, sales tax receipts that you must by law collect or pay, customer discounts, and any customer refunds of previous payments you actually make.

The royalty obligations begin immediately after the opening date of your store for business then continues for the term of your franchise. The royalty is due and payable monthly on the 10th day of each month but is to be paid to us in the manner in which specify. The royalty rate is the greater of 6% of Revenues or a flat $300 - $500 per calendar month for the entire term of your Franchise Agreement (see chart below). During the first partial month during which you operate your Store, the percentage Royalty Fee shall apply, but the minimum Royalty Fee shall not apply. If your Franchise Agreement is terminated, you may be required to continue such royalty payments for the term of your Franchise Agreement.

Month:	**Your Royalty Payment Will Be:**
Months 1 – 24	6% of Revenues or $300 (whichever is greater)
Months 25 through the remainder of your Franchise Agreement	6% of Revenues or $500 (whichever is greater)

Royalty fees shall be payable by direct deposit from your account to our account by electronic funds transfer or other method we determine. We reserve the right to change the time and manner of payment for the Royalty Fee upon written notice to you.

If you purchase a franchise from an existing franchisee, then you will pay the Royalty Fee provided in the selling franchisee's franchise agreement, although you will sign a new Franchise Agreement that may contain other materially different terms and conditions. We reserve the right to change this practice at any time by requiring purchasers of existing franchises to pay our then-current royalty fee percentages and minimums.

Note 2: The System Advertising Fee is collected by us and all System Advertising Fees are non-

refundable. You pay the System Advertising contribution at the same time and under the same terms as the royalty described above.

Note 3: We do not have any regional advertising cooperatives at this time, and therefore company owned outlets do not have controlling voting power over any regional advertising cooperatives.

Note 4: Interest and late charges begin to accrue from the due date of payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments. Interest and late charges will not exceed limits imposed by applicable law.

Note 5: You must protect, defend, indemnify and hold us harmless against any claims, lawsuits or losses arising out of your operation of the franchised business. If you default under the agreement and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law (Franchise Agreement Section 18).

Note 6: We may require or recommend that you to join and participate in various industry specific local or national associations. The cost of these organizations will vary depending on their membership requirements (Franchise Agreement Section 12.8). Whether or not membership dues are refundable depends on the professional organization. Due for membership in a professional organization are normally payable to that professional organization. Due for membership in a professional organization may or may not be uniformly imposed depending on the professional organization.

Note 7: You will be required to obtain our written approval for any product, vendor and/or supplier you wish to use in the operation of your Business that is not on our pre-approved list (as described in Item 8) and you will be responsible for paying us an assessment fee. This fee is $100 for any single non-LEGO® or LEGO® compatible product, vendor and/or supplier you wish to sell, offer, use and/or substitute in your Business. We may waive these fees if the products, vendors and/or suppliers you select meet our requirements and make it on our approved list of products, vendors and/or suppliers for all Franchise locations.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee	$25,000	$25,000	Cash, Certified Check or Wire Transfer	At signing of the Franchise Agreement	Franchisor
Computers, Software POS System and Office Supplies	$3,200	$6,500	As Incurred	Before Opening	Vendors; See Note 6
Furniture and Fixtures	$2,500	$12,000	As Incurred	Before Opening	Vendors; See Note 1

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Real Estate	$4,500	$13,000	As Incurred	Before Opening	Landlord; See Note 7
Leasehold Improvements	$1,500	$7,500	As Incurred	Before Opening	Landlord; See Note 2
Utility Deposit	$100	$300	Costs will vary due to policies of local utilities and	Before Opening	Local Utility Suppliers
Inventory	$35,000	$125,000	Estimates for a startup inventory of products and supplies necessary for the operation of the Business.	Before opening as incurred over the course of the first month of operation	Payable to us or third parties; See Note 3
Uniforms	$300	$600	Estimate varies depending upon number of staff.	Before Opening	Vendors
Signage	$7,500	$15,000	Estimated cost for the delivery and installation of exterior and interior signage. We specify and provide you with the guidelines in the Operations Manual. Signage expenses are not refundable.	Before Opening	Vendors
Grand Opening Marketing	$5,000	$7,500	Marketing will vary depending on several factors including your business plan, growth rate, cost of media in your area and ability to attract customers. Includes minimum amount of $5,000 for grand opening expenses in conjunction with the opening of your Store and as we may specify in our Operations Manual.	As Incurred	Local Vendors
Staffing (First 3 Months)	$3,700	$12,000	As Incurred	As Incurred	Salaries and Expenses; See Note 8
Insurance (12 Months)	$800	$2,500	As Incurred	Before Opening and As Incurred	Payable to third parties; See Note 4

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Travel, Lodging and Meals for Initial Training Program	$800	$2,000	As Incurred	As Incurred During Training	Vendors; See Item 11
Business Licenses, Permits and Professional Legal and Accounting Fees	$600	$2,500	As Incurred	Before Opening	Appropriate licensing authorities and Third Parties
Additional Funds - 3 Months	$20,000	$45,000	As Incurred	As Incurred	See Note 5
Total	$108,500	$276,400			

Note 1: This is an estimate for the items we would expect you to need for fixtures, desks, chairs, shelving units for merchandise, display cases, cabinets, counters, storage racks, tables and other furniture necessary for the operation of your business. Actual furniture and fixture costs may vary due to square footage. If applicable, you must also pay state and local sales tax on purchases of furnishings and fixtures. The sales taxes may range from 3% to 10% of the purchase price and are not included in these estimates. Expenses for the furniture and fixtures may or may not be refundable depending on the terms of the invoice or the purchase agreement.

Note 2: We advise you to find a space needing minimal leasehold improvements or fixtures. In most cases you will need to alter the interior of your Business before you open for operation. The costs will vary widely and may be significantly higher than what is projected in the table above depending on such factors as property location, the condition of the property and the extent of alterations required for the property. These sums do not include any sums for the purchase of real property, as we do not expect that you will buy real property. A typical leased location is a retail space in an outlet center, shopping mall or a non-traditional retail space and the typical franchised business has approximately 1,000-3,000 square feet of space. You may be able to reduce this expense if you are able to occupy a space in an existing location that compliments another business. The space must be an enclosed and separate from other businesses with its own locking door. Whether or not any build out expenses are refundable depend on the terms and conditions of your contracts with construction and mechanical contractors, as well as your lease agreement (Franchise Agreement Section 12.19 and 12.20). Lease payments for the periods of time that you occupy your premises are not refundable. In the event you leave your leased premises before the termination of your lease, you may owe the landlord payment for the entire lease term depending on the terms and conditions of your lease.

Note 3: You must purchase products and supplies for the general operation of the franchised business as specified in the Operations Manual. You must purchase only approved products and supplies, and you must purchase products that meet our specifications, which may change from time to time. The types of products and supplies includes but is not limited to: New LEGO® kits, new and used LEGO® bricks and mini-figures in bulk, LEGO® posters and other miscellaneous products or supplies as specified by us. Such items may be purchased through us, our affiliates or approved vendors and/or suppliers locally and/or nationally and may not be refundable depending on the terms of the invoice or purchase agreement (Franchise

Agreement Sections 12.9 and 20.9).

Note 4: This estimated amount represents twelve months of pre-paid insurance premiums that does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. You must obtain and keep general comprehensive liability insurance with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify. You are also required to obtain All Risk property insurance that covers the assets of the Business and Business Interruption Insurance (Franchise Agreement Section 13).

You may need other insurance such as tenant's liability, statutory workers' compensation insurance (if applicable) and employer's liability insurance with minimum policy limits of $1,000,000 or an amount we reasonably specify. You may need automobile liability insurance, product liability insurance (covers you for damages that result in injury from products that you distribute), professional liability insurance (covers you for damages that you create that do not result in property or bodily injury) and employee dishonesty insurance are optional however we may require you to obtain this coverage in the future with liability limits of amounts we may reasonably specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depend on the terms and conditions of your insurance policies.

Note 5: Competitive conditions described in Item 1 will affect these costs. Estimate includes minimum working capital for the startup of your business. This also includes estimates of miscellaneous startup costs such as: rent for an additional two months, purchasing additional inventory, workman's compensation insurance payments, tax deposits, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs, and additional training (if applicable). When preparing these figures, we considered our principals' combined expertise and experience operating businesses similar to the franchise we offer by this disclosure document.

Note 6: These estimated amounts include computers, software, printers, POS system, cash register, high-speed internet connection modems and routers, telephones with an answering, camera and security system, containers, packaging materials and general office supplies.

Note 7: Estimated expenses for your business location based on leasing 1,000 to 3,000 square foot facility. This estimate includes a security deposit.

Note 8: You may need to hire part-time sales staff. This is an estimate for the first three months of operation.

Total Estimated Initial Investment. We relied on our principals' combined expertise when preparing these figures. The actual amount of funds you will need depends on a variety of factors, including the size of your store, the location of your store, the time of year when you start your business, the amount of inventory you purchase, implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on an owner-operated business or incorporating Franchise operations to an existing complimentary business and does not include salaries or benefits for full-time employees. As your Business grows, you may choose to hire employees to carry out support service tasks.

These figures are just estimates, and we cannot guarantee that you will not have higher costs. Competitive conditions described in Item 1 will affect these costs. This estimate of startup costs is calculated for a period of three months, with additional operating capital to be available as may be needed during the initial phase.

These costs do not include your website hosting, maintenance fees or royalties which begin the first day the Franchise Agreement is effective after the initial training is completed. These costs should be included in your projections of overall operations costs beginning with your first month of operation. We acknowledge that you may choose to invest additional funds into your business during the first three months of operation, and sometimes longer, but we cannot estimate or promise when, or whether, you will achieve positive cash flow or profits. You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the franchise.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third-party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least six months of operation.

The initial Franchise Fee is not refundable except as follows: If during the initial training program, we believe that you are not qualified to operate a Bricks & Minifigs™ Franchise, then we will terminate your Franchise and refund your Initial Franchise Fee minus our demonstrated expenses without interest. Except as provided in this Item, any other fees paid to us are not refundable. Amounts paid to any third parties may be refundable, depending upon the contracts between them and you.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We may offer or designate others to offer certain products, supplies, point of sale (POS) system, cash registers, software or services and we may become approved suppliers or the only approved supplier(s) for these and other products and services. The products, supplies or services include but are not limited to: new and used LEGO® building bricks, LEGO® mini figures and accessories, new LEGO® play sets, pre-approved non-LEGO® branded and LEGO® compatible products, apparel, LEGO® event and/or season specific merchandise in addition to packaging materials, printed advertising materials, promotional items, shows and event marketing opportunities, and vendor, co-branding, affinity programs. Due to the nature of the re-sale industry, most all products that need to be purchased for the Store will be from various sources and you are responsible for identifying such sources. We will provide you with recommended procedures when identifying sources to purchase products during our initial training program.

Currently, except as provided below in this Item, we are not the only approved supplier for products, supplies and services that you are required to use for the operation of your Store. None of our officers owns an interests in any supplier. However, we are the only supplier of all promotional, marketing and company-branded materials. You must purchase all promotional, marketing and company-branded material, as well as, all updates for all promotional and marketing materials when designated as mandatory by us, from us. We As of the effective date of this Disclosure Document, all updates are optional, but we may in the future mandate that you purchase certain updates at your expense. We require this in order for you to sell products and offer services from our approved products list.

We are an approved supplier, but not the only approved supplier, of certain inventory for your Store. If we develop proprietary products or software in the future, you must purchase such items from our approved suppliers or us.

You must purchase the POS system we require from approved or designated suppliers. You must only use the merchant services processor we designate. You must only use the gift card processor and system we designate.

Unless you are professionally qualified to perform bookkeeping and accounting services, you must hire a qualified bookkeeper who will maintain your financial records related to your franchised business, who will meet with you as often as needed to help ensure accuracy of your financial records, and who can assist you with your annual financial statement requirements per the Franchise Agreement. You must hire a Certified Public Accountant or other qualified tax preparer who will prepare your annual tax returns related to your franchised business.

You are not permitted to sell any non-LEGO® branded products or LEGO® compatible products not approved by us, purchase items from an unapproved supplier or use the services of an unapproved vendor, unless you first submit a written request to us for approval. We base our specifications for products, supplies, vendor and supplier approvals on our discretionary determination of quality, accuracy of product claims, safety, value, prompt attention to complaints, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund. We do not otherwise make our specific criteria for approving suppliers available to franchisees. We have the right to disapprove requests for alternate supply sources from you. We may require vendors and/or suppliers to provide certain information in addition to signing a nondisclosure agreement and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications. A list of approved vendors and suppliers from whom products, supplies and services may be purchased will be provided to you and may be amended by us periodically. There is a product and vendor assessment fee for supplier approval and we require third party testing, in which case you will pay the actual cost of the tests. We will approve or disapprove of your adequate request to approve a product, vendor and/or supplier within 30 days after we receive your request. If we approve, then you may contract with the alternative supplier who meets our criteria. We may revoke approval in our sole discretion, including for failure to continue to meet our criteria, by providing written notice to you of such revocation.

We may become approved suppliers or the only approved supplier(s) for other products, supplies and services.

You must maintain an inventory of new and/or used LEGO® branded building bricks, mini figures and accessories in compliance with our specifications.

We will derive revenue from providing products and services directly to our franchisees. In 2019, we received such revenue in the amount of $58,614 (which was 11% of our total revenue of $525,992 as reflected in our most recent audited financial statements).

We receive rebates from our designated merchant processor based on franchisees' transactions. We receive 15% to 30% of the merchant processor's net revenue based on the total number of open and active merchant accounts in our franchise system. We also receive a one-time payment of $25 per activated merchant account. These payments do not increase the rate you pay to the designated merchant processor. Currently, neither we nor any affiliate(s) receive any other rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. However, we reserve the right to do so in the future.

We have not yet established any purchasing or distribution cooperatives for the purchase of supplies. We may, in the future, negotiate purchase arrangements with suppliers for your benefit in the areas of cost and customer support.

It is estimated that all your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will represent approximately 5% to 25% of your total initial purchases. It is anticipated that during the operation of your franchised business, required purchases from us, our affiliates or the vendors that we specify or approve (not including royalties or labor costs) are estimated to be approximately 5% to 10% of your total annual purchases of goods or services in the continuing operation of your Store (this depends on the size of your Store, amount of inventory your purchase and sales volume).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources.

Insurance

Before you open a Bricks & Minifigs® for business, you must obtain the insurance coverage for the Store required by the Franchise Agreement. This currently includes, but is not limited to, comprehensive general liability insurance ($1,000,000 per occurrence and $2,000,000 aggregate); "All Risks" or "Special Form" coverage for the full cost of replacement of the business premises; business interruption insurance; and workers' compensation insurance as required by applicable law. The insurance coverage must be maintained during the term of the Franchise Agreement, and you must provide evidence of insurance to us that insurance has been obtained from a responsible carrier or carriers acceptable to us.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
(a) Site selection and acquisition/lease	Sections 12 and 20.3	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Section 8	Item 7 and 8
(c) Site development and other pre-opening requirements	Sections 8, 12, 20.3	Items 6, 7 and 11
(d) Initial and ongoing training	Section 20.1	Item 11
(e) Opening	Section 9.1 and 12.7	Item 11
(f) Fees	Sections 8 and 10	Items 5, 6 and 7
(g) Compliance with	Sections 12.1 and 12.8	Item 8, 11 and 16

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Obligation	Section in agreement	Disclosure document item
standards and policies (Operations Manual)		
(h) Trademarks and proprietary information	Sections 15 and 16	Items 13 and 14
(i) Restrictions on products/services offered	Section 12.9	Items 8 and 16
(j) Warranty and customer service requirements	None	None
(k) Territory development	Section 6	Item 12
(l) On-going product/services purchases	Section 12.9	Item 8
(m) Maintenance, appearance and remodeling requirements	Section12.5	Item 11
(n) Insurance	Section 13	Items 6, 7 and 8
(o) Advertising	Sections 10.2, 10.3, 12.8, and 20.10	Items 6, 7, and 11
(p) Indemnification	Section 18	Item 6
(q) Owner's participation/management/staffing	Sections 12.6 and 12.11	Items 11 and 15
(r) Records/reports	Section 14	Item 8 and 11
(s) Inspections/audits	Sections 12.17 and 14.2	Item 6 and 11
(t) Transfer	Section 22	Item 6 and 17
(u) Renewal	Section 7.2	Item 6 and 17
(v) Post-termination Obligations	Section 24	Item 17
(w) Non-competition covenants	Section 19	Item 17
(x) Dispute Resolution	Section 25.3 and 25.4	Item 17
(y) Other: Personal Guaranty	Section 12.18 and Schedule 5	Item 15

Item 10
FINANCING

We do not provide direct or indirect financing and do not assist in providing financing for you. We do not guarantee any notes or financial obligations.

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

Except as listed below, BAM Franchising, Inc. is not required to provide you with any assistance.

Before you open your Business, we will:

(1) Not unreasonably withhold our acceptance of a site (the facility in which you plan to operate your Store) that meets our requirements. You select the site of your Store within the protected territory provided in the Franchise Agreement. We must accept the site if we feel at our total discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Store will be profitable at the approved location. The factors that we consider in acceptance of the site include population density, traffic patterns, convenience, parking availability, neighborhood and physical characteristics of the premises such as size and layout. We evaluate each proposed site and accept, or do not accept, each one on a case-by-case basis (Franchise Agreement, Sections 12.19 and 20.3).

(2) Approve the lease for the Store (Franchise Agreement, Sections 12.19 and 20.3).

(3) Offer you guidance when applying for permits and notifying your state of your proposed Store (if applicable). It is your responsibility to comply with all laws, ordinances and regulations and you are responsible for obtaining all necessary approvals and permits to operate your Store (Franchise Agreement Section 20.3).

(4) Advise you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for your Store. We may, if needed, review your architect's final plan. (Franchise Agreement, Section 20.4).

(5) Provide you with specifications for all computers, software, POS systems, cash registers, camera and security system, signage, furnishings and fixtures for your Store. (Franchise Agreement Sections 12.1, 12.9, 14.1, 20.1 and 20.8).

(6) Provide you with a list of our approved vendors and suppliers for products (including a list of pre-approved non-LEGO® branded and LEGO® compatible products), supplies, season specific merchandise, apparel, packaging materials, promotional, advertising and marketing materials in addition to other items you are authorized to sell or use. We will train you on strategies for purchasing products and will provide you with recommended procedures when identifying sources to purchase products for your Store. (Franchise Agreement 12.9, 20.8 and 20.9).

(7) Offer certain training programs designed to assist you in the operation of your Franchise. We

may require that you (or if you are a corporation, a limited liability company or partnership, then its officer or shareholder, member or managing partner) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section 20.1).

(8) Provide an initial training program designed to assist you and your owners in the operation of your Franchise. (Franchise Agreement, Section 20.1).

(9) We will provide you with the specifications for programs we have developed for customers to sell and/or trade-in their LEGO® products and consignment services. We may advise you of operating problems of a Bricks & Minifigs™ store disclosed by reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your business, as we deem appropriate. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us. (Franchise Agreement, Sections 12.6, 12.8, 20.1, and 20.11).

(10) Loan to you during the term of the Franchise Agreement one copy of our confidential Pre-Opening and Operations Manuals, which may include one or more manuals and other written materials (collectively, the "Operations Manual") for the operation of a Bricks & Minifigs® store. (Franchise Agreement, Section 20.8). The table of contents of the Operations Manual as of our last fiscal year end consists of approximately 107 pages and is included with this Disclosure Document as Exhibit E.

(11) Approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Sections 10.3 and 20.10).

(12) Deliver to you a web page for your Franchise operations (Franchise Agreement, Sections 9.3 and 20.2).

(13) Provide up to three days of pre-opening/grand opening assistance to you and your staff at your location for your first Franchise as further described in this Item. (Franchise Agreement 20.1).

During your operation of the Business, we may:

(1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. (Franchise Agreement, Sections 12.17 and 20.1).

(2) Provide to you and your personnel, Bricks & Minifigs® Franchise Continuing Education meetings at locations designated by us. We expect these meetings to be at our headquarters with a fee not to exceed more than $300 per person per day plus our expenses which can vary from area to area to be determined at our sole discretion. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria (Franchise Agreement, Section 20.1).

(3) Establish a Franchise elected peer group whose main purpose is to mentor and support each

other.

During your operation of the Business we will:

(1) Continue to consult with you at no additional charge regarding procedures, policies, sales, marketing, purchasing strategies, products and supplies, as well as provide assistance to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections 12.22 and 20.1).

(2) Provide you with product, supply, vendor and supplier guidelines for you to sell and use in the operation of your Store. We will provide you with updated and current lists of approved non-LEGO® branded and LEGO® compatible products you are allowed to sell in your Store. (Franchise Agreement, Sections 12.8, 12.9, 20.8 and 20.9).

(3) Provide you with suggested prices for products and services. We will continue to research new products and services for the System as we deem necessary. (Franchise Agreement 20.11).

(4) Review and approve or disapprove any product and/or vendor or supplier you wish to use in the operation of your Business. You are responsible for paying a product and vendor assessment fee (as described in Item 6).

(5) Provide a telephone hotline, free of charge, to answer questions from you or your staff (during regular business hours, Pacific Time zone). You will be able to send us questions and suggestions using Internet email (Franchise Agreement, Section 20.1).

(6) Review and approve advertising and promotional materials in addition to any promotions, edits, changes or updates to your web page that you submit to us (Franchise Agreement, Section 10.3, 12.8, 12.22 and 20.10).

(7) We may require that you (or if you are a corporation, limited liability company, or partnership, a managing partner, managing member, member, or shareholder) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section 20.1).

Computer Systems

We will provide you with all update and upgrade requirements for your POS and computer systems, software in response to changes in the Operations Manual, or changes in our policies that are communicated to you in writing. You are required to purchase a POS system, computers, software, camera and security system to operate your Store. This hardware and software is used for communications, accounting, record keeping, and Store security. The cost of such systems ranges between $3,200 and $6,500 (See Item 7). If we develop proprietary software in the future, we will provide you with update and upgrade requirements; however, we are not obligated to provide any updates or upgrades to any third-party software programs your use in the operation of your Store. We are not obligated to provide maintenance or repairs to POS and computer system software or hardware that you use. We estimate that the annual cost of POS and computer system software and/or hardware upgrades will be approximately $800 to $1,600 per year. We reserve the right to have independent access to all information that you store in any POS and computer systems. (Franchise Agreement Sections 12.9 and 20.1).

Advertising Fund and Advisory Council

We reserve the right at our discretion to institute, maintain, and administer a System Advertising Fund (referred to as the 'Fund') to support ongoing technology and new product development to be made available to franchisees, and such regional and national advertising as we, in our sole discretion, may deem appropriate to promote the Bricks & Minifigs® name to benefit all franchisees as described in Item 6. While advertising materials may note that franchises are available from us, no System Advertising Fees are used for advertising that is principally a solicitation for the sale of franchises. We will direct all such programs and will have sole discretion over the creative concepts, materials, and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-house advertising department or may in the future from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be either national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section 10.2).

(i.) You will pay us a flat $50 per calendar month for the System Advertising contribution as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not increase more than $15 per month in any calendar year for the term of the Agreement. Contributions are due by the tenth day of the month starting the first full calendar month of your Store operations, and then continue for the remaining term of your franchise (including any partial months).

(ii.) The contributions to the Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new technologies, products, product development, market research, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of new products and supplies to be made available to Franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, radio and television and may be conducted on a regional or national basis. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Bricks & Minifigs™ Franchises in that year, and the Fund may borrow from us or others to cover deficits (if we charge interest, it will not exceed the prime rate plus 2%); or invest any surplus for future use. Any System Advertising Fees not used in the fiscal year in which they were contributed will be applied and used for advertising and marketing expenses in the following year(s).

Summary of System Advertising Fee Contributions and Expenses for Fiscal Year 2019

Expenses:	Administrative Expenses	$262	1%
	Production	$15,789	68%
	Media Placement	$7,200	31%
Total expenses:		**$23,250**	**100%**
Advertising fund contributions:		$14,167	
Excess of expenses over contributions:		$(9,083)	

The franchise spent all of the advertising funds collected. In addition, the franchise spent additional funds from their operational accounts (amounting to $9,083) to fund Media Placements for the benefit of all of the stores.

While advertising materials may note that franchises are available from us, no advertising fees or assessments we collect from our franchisees are used for advertising that is principally a solicitation for the sale of franchises.

(iii.) We have formed a Franchisee Advisory Council whose purposes include providing counsel and advice on System Advertising Fund usage and advertising policies. We retain all operational and decision making authority concerning advertising, and the Advisory Council will serve only in an advisory capacity. The Advisory Council will not be separately incorporated, and therefore, it will not have any written documents. Membership of the Advisory Council is determined by appointment by us. Notwithstanding the foregoing, we have the power to select and approve the members and to form, change, dissolve or merge the Advisory Council.

(iv.) Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by Franchisees operating in such geographic area or that you or your Store will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. Bricks & Minifigs® businesses owned by us, or any of our shareholders or officers, are not required to contribute to the Fund.

(v.) We administer the fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the

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funds in the System Advertising Fund in any one year, and such funds may be accrued into the next year. The System Advertising Fund has not been established before the date of this Disclosure Document.

(vi.) We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the System Advertising Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the System Advertising Fund.

Regional Franchisee Marketing Cooperatives

We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing cooperatives ("Regional Cooperative(s)") for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because we have not yet formed any Regional Cooperatives, we do not know how the area or the membership of any Regional Cooperatives will be determined. Because we have not formed any Regional Cooperatives, we have not determined whether or not any of our Company owned outlets will be required to contribute to any advertising spent by any Regional Cooperative. In the event that we choose to establish a Regional Cooperative , we will be responsible for administering it. If we do create any Regional Cooperatives, we may require that it be operated in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any Regional Cooperatives, we may require the Regional Cooperatives to prepare annual financial statements for review by its members. We will have the right to form, dissolve, and merge any specific Regional Cooperative. Even though we have not yet formed any Regional Cooperatives, we may require that all franchisees within close proximity to a consumer show, convention or exhibition where products are being sold participate in the cost and benefit of the show.

Local Advertising

You must spend a minimum of 4% of your monthly Revenues each calendar month on local advertising and promotion for your Business, in addition to the flat $50 per calendar month System Advertising contribution you pay to us. You will also spend at least $5,000 on "grand opening" promotion in conjunction with the opening of your Store and as we may specify in our Operations Manual. You must report your quarterly advertising expenditures to us by the 10th day after the end of each quarter, or at times, on forms, and in a manner we determine.

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within thirty days, if we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you may not need to follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising.

Unless we approve otherwise in writing, you may not establish a separate Website and will only have one

web page, as we designate and approve, within our Website. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, blogs and other applications). You must comply with our requirements regarding selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website for you (which we are not obligated to do), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, you must establish hyperlinks to our website and other Websites.

You must prominently display a banner that promotes the franchise opportunity on your retail sales floor as we dictate.

Time to Commence Operations

We estimate that there will be an interval of 180 days between the signing of the Franchise Agreement and the opening of your Bricks & Minifigs™ store. Factors that may affect this length of time include obtaining and preparing a location that is approved by us for your Bricks & Minifigs™ Franchise, completion of your pre-market entry study to determine any customization of products and services to be offered through your Franchise, satisfactory completion of our initial training program by you (or your managing partners, members or shareholders) and availability of products and supplies.

You must open your Store within 180 days of signing the Franchise Agreement unless we otherwise approve in writing. We will only grant such approval on occasions with extenuating circumstances such as significant and unusual delays beyond your reasonable control at our sole discretion. If you fail to open on time, then we may terminate your Franchise Agreement.

Before opening, you must acquire or lease, at your expense, commercial real estate that is properly zoned for the use of your Bricks & Minifigs™ store under the Franchise Agreement. You must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence of satisfactory to us which confirms your favorable prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed location of your Bricks & Minifigs™ Franchise. If we do not approve a proposed location by written notice to you within this 30-day period, the site will be deemed disapproved.

Initial Training Program

Before the opening of your Franchise, you must attend the up to 5-day franchise training program for a Bricks & Minifigs® at our corporate headquarters (currently in Orem, Utah). We maintain a regular calendar for the training program and the trainings are held approximately six to eight times per year (or

more frequently if needed). You must begin the initial training program within 45 days of signing the Franchise Agreement. The training program is included in your Initial Franchise Fee. You are responsible for all costs associated with attending the program such as travel, room and board.

You must complete the Training Program to our satisfaction. If, during the Training Program we determine, in our sole discretion, that you (or your managing partner or shareholder) is not qualified to manage a Bricks & Minifigs® Franchise, we have the right to terminate the Franchise Agreement and we will refund the Initial Franchise Fee, minus our demonstrated expenses, without interest.

We will provide training for you as noted in the following training schedule, which is subject to change. This training curriculum is fully detailed in the Bricks & Minifigs® Operations Manual and will change periodically. Our training team will include directors from our staff from the Bricks & Minifigs® corporate headquarters, members of our website development team, members from our approved suppliers and service providers.

Training Schedule: At Corporate Offices

The Bricks & Minifigs™ Franchise Training Program includes an Operations Manual, classroom training, on the job training and demos.

TRAINING PROGRAM

Subject	**Classroom Hours**	**On-The-Job Training Hours**	**Location**
The Bricks & Minifigs® System and Introduction	1 Hour		Corporate headquarters currently in Orem, Utah or as we otherwise specify
LEGO® Products, Play Sets, Accessories and Specifications	1 Hour	3 Hours	
Product Presentation and Merchandising	1 Hour	3 Hours	
Daily Store Operations, Checklists and How to Run the Store Efficiently		8 Hours	
Strategies for Purchasing LEGO® Play Sets, Supplies and Inventory	5 Hours	5 Hours	
Pricing Guidelines	1 Hour	3 Hours	
Tracking Your Inventory	1 Hour	1 Hour	
Programs to Buy and Trade from Customers	2 Hours	2 Hours	
Party Planning and Performing Offsite Events	1 Hour		
Safety, OSHA Requirements and Quality Control	1 Hour		

Subject	Classroom Hours	On-The-Job Training Hours	Location
Counter Operations, POS System and Software Training*		2 Hours	
Customer Service and Handling Complaints		2 Hours	
Marketing and Advertising Your Business	2 Hours		
Staffing and Labor Costs	1 Hour		
Financial and Accounting Procedures	2 Hours		

*Additional software training programs may be provided to you online after initial training above is completed.

Our training supervisor is Matthew Thomas. Mr. Thomas has been our Operations Manager since 2018. His experience in the subjects he teaches and supervises at training is based on his management of the Bricks and Minifigs operation in Canby, Oregon from 2013 through 2018.

Occasionally, different guest speakers may make an appearance at the training program to provide information about various products, services and programs offered by us. For example, some speakers may be our employees, Franchisees or industry experts.

Pre-Opening/Grand Opening Assistance

We will provide up to three days of pre-opening/grand opening assistance to you and your staff at your location. We will endeavor to complete such assistance within thirty (30) days after the Store opens for business and after the initial five (5)-day training has been completed to our satisfaction. Our costs associated with the pre-opening/grand opening supervision and assistance are incurred by us for your first Franchise. We will not provide this supervision and assistance at our expense for your second or subsequent Franchise. Additional support requested by you will be subject to our then-current fees for training. (Franchise Agreement 20.1).

Additional Training and Conventions

We May Require Additional Training. We may reasonably require you and your Owners (and any new or replacement Owners) to receive or attend and complete to our satisfaction additional or advanced training from time to time. We may require you to pay for such training at our reasonable then-current training fees. You must also pay travel, food, and accommodations and all other related expenses. We will attempt to use distance learning techniques, where possible, to minimize these costs. (Franchise Agreement 20.1).

Additional Training Upon Your Request. Depending on availability, we may provide additional training to you and your Owners upon your request. We may require you to pay for such training at our reasonable then-current training fees. You must also pay travel, food, and accommodations and all other related

expenses. (Franchise Agreement 20.1).

Continuing Education. We may provide continuing education sessions at locations we designate (typically at our headquarters). Continuing education sessions may have a registration charge to you (currently up to $300 per person per day) plus our expenses to be determined by us at our reasonable discretion. You are responsible for costs associated with you attending the meetings such as travel, room and board. The programs will normally not exceed a full day. The content may cover various aspects of franchise business operations. We may conduct an annual convention at such place as we designate for all franchisees (typically at our headquarters). We may require each participant to pay a registration fee, and you will be responsible for all costs associated with attending the convention such as travel, room and board. The registration fee for conferences will not exceed $500 per person. We may increase the training and registration fees referenced above in reasonable amounts based on reasonable criteria. (Franchise Agreement 20.1).

Item 12
TERRITORY

You must operate your single Bricks & Minifigs® store within the specific Store location identified in your Franchise Agreement. You are awarded a protected territory ("Territory"). We have pre-determined territories based on population and mileage. You will select, and we will approve, your Territory before you sign the Franchise Agreement. It will be specifically identified in an attachment to your Franchise Agreement before you sign it.

If you have not yet selected an approved location for your Store upon signing the Franchise Agreement, then you must select a location, subject to our approval, within the Territory.

Off-Site Activities

You may not conduct business out of any other site (facility where you will operate your Store) other than the accepted site that has been entered in your Franchise Agreement or made part of by an addendum attached to your Franchise Agreement. However, you may conduct business at off-site events (carnivals, festivals, outdoor markets, etc.) to sell products or provide services as long as such events are within your Territory. After providing notice to us and obtaining our approval, you may conduct business at off-site events in any other geographical area however you cannot perform Target Marketing outside your Territory, as described below. We shall approve or deny your request, which approval is in our sole discretion, within five days of receipt of your written request to conduct business at off-site events in other geographical areas (outside your Territory) that do not encompass the protected territory of one or more of our other franchisees. If we approve your request to conduct business at off-site events in another geographical area, you must be prepared to immediately lose any customer business you have established when that area is purchased and immediately refrain from conducting business at such off-site events. You may sell and ship products to customers located outside your Territory so long as your sales do not result from any Target Marketing activities by you and so long as the products you sell and ship and services you provide are being sold, shipped and performed from your Store within your Territory.

If you are asked to conduct business at off-site events in geographical areas that encompass the protected territory of one or more of our franchisees, then you must refer that request to the Bricks & Minifigs® store in that geographical area or directly to us.

Relocating

Any relocation of the site for your Store: (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our business judgment (and may be withheld, in any case, if you are in default under your Franchise Agreement), (3) will be at your sole expense and (4) will require that you (and each owner if you operate through a legal entity) sign a general release in a form we prescribe.

Designating Your Territory

While the Franchise Agreement is in force and you are not in default of any material provisions of the Franchise Agreement, we will not establish or license to others the right to establish a Bricks & Minifigs® bricks and mortar outlet (franchised or company-owned) within your Territory. However, we reserve certain rights with respect to your Territory as described below in this Item. Also, franchisees may service customers who are located in your Territory, subject to prohibitions in franchisees' Franchise Agreements (such as prohibitions against engaging in Target Marketing as described below in this Item).

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.

Your Territory is determined by population, business potential, traffic patterns, proximity to major roads, demographics of the surrounding area, available parking, market penetration or other conditions important to the successful operation of a Bricks & Minifigs® business, as we deem appropriate and as identified in your Franchise Agreement. Your Territory is determined by us once a location is chosen, and will not be altered even if there is a population increase or decrease. It will also not be affected by your sales volume, or market penetration. Certain locations, such as major metropolitan areas may have smaller geographic territories of densely populated areas. We must accept the location for your Bricks & Minifigs® store within your Territory in writing before you open for business.

Additional Franchises

You must submit a separate application for each franchised business to be established by you. You must pay the fee for each additional acquisition mentioned in Item 5 and must be in compliance with all of the terms and conditions of the Franchise Agreement. We must approve the location of any additional Bricks & Minifigs® stores.

Soliciting Business

The territory described will affect where you and other franchisees may solicit business. You are prohibited from soliciting and marketing in general to customers by any means outside your Territory and must not specifically engage in target marketing ("Target Marketing") of customers within the protected territory of another Bricks & Minifigs® Franchise (and/or company/affiliate owned business or franchise). Target Marketing means a concerted effort by a franchisee to solicit and obtain customers through any type of advertisement or marketing, directed at all or any portion of another franchisee's protected territory (or the territory of a company-owned or affiliate-owned outlet). We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

Alternative Channels of Distribution

We may allow you and other franchisees or company-owned stores to sell through an alternative channel of distribution (such as Websites). If you are granted permission to sell products through an alternative channel of distribution, per our written approval, you may sell products to a customer outside your Territory without compensation to the other franchisee or company-owned store. Our response to your request will be made within 30 days after we receive it, otherwise the request will be deemed disapproved. Approval may be revoked in our sole discretion. We, other franchisees and company-owned stores reserve the same right to sell and ship products and provide services to customers who may live within your Territory without compensation to you.

National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to sell products and provide services to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined with any one particular franchisee's territory regardless of the contract amount of products to be provided or services to be performed (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to provide products or perform services to businesses under the National Account contract. If we choose, or if you choose not to provide products or services to the National Account, we may provide the products and services directly ourselves, or through another franchisee or third party even if the products provided and services performed are within your Territory without compensation to you.

Rights We Reserve

We expressly reserve all other rights including the rights to:

(1) Advertise, market and sell Bricks & Minifigs® branded and trademarked products in your Territory;
(2) To advertise the products and services to promote the System through the Internet, World Wide Web and/or other similar venues no matter where the customer is based to fulfill customer orders in your Territory;
(3) Offer, sell or distribute anywhere (including with your Territory) products or services to consumers located anywhere through any alternative or other channels of distribution, such as the toy stores or other retail stores, Internet, catalog sales, and telemarketing, other than local facilities providing products and services under the Marks (defined in Item 13) and System (defined in Item 1). We have this right whether or not we are using the Marks or System, or other marks and systems, and on any terms and conditions we deem appropriate;
(4) Develop and distribute proprietary products that have been branded with our Mark or logo or different branded products through any outlet (other than a Bricks and Minifigs retail store similar to your Store) located anywhere regardless of its proximity to your Store (including, by way of illustration, toy stores or other retail stores, catalog sales or over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to develop and distribute products, you will receive no compensation from us for such sales inside your Territory unless agreed otherwise in writing by us;
(5) Implement advertising cooperative programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;

(6) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and

(7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with Stores located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your Bricks & Minifigs® business) are converted to another format, maintained under the System or otherwise. Each Bricks & Minifigs® business awarded to you will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of our products or services by use over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the franchised business or any business that does not use the Marks.

We have not established, and do not presently intend to establish, other Franchises or company-owned Businesses, except as disclosed in Item 1 of this Franchise Disclosure Document, selling similar products or services under a trade name or trademark different from Bricks & Minifigs® Marks.

Item 13
TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our primary trademark is "Bricks & Minifigs®, along with the design, as it appears on the first pages of this disclosure. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks, taglines and logos currently used or that may hereafter be used in the operation of the Store. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

We have registrations for the following marks on the principal register of the United States Patent and Trademark Office ("USPTO"):

Description of Mark	Principal or Supplemental Register	Registration Number	Registration Date
"Bricks & Minifigs Rebuild, Reuse, Reimagine!" (mark with design)	Principal	4,370,630	July 23, 2013
"Bricks & Minifigs" (standard characters)	Supplemental	4,255,472	December 4, 2012

Lego® is a registered trademark of the LEGO Group of companies which does not sponsor, authorize or endorse the Bricks & Minifigs® franchise

Description of Mark	Principal or Supplemental Register	Registration Number	Registration Date
"Bricks & Minifigs Rebuild, Reuse, Reimagine!" (mark with design)	Principal	4,461,171	January 7, 2014
"Bricks & Minifigs Rebuild, Reuse, Reimagine!" (standard characters)	Principal	4,461,172	January 7, 2014

We have filed all required affidavits in respect to registrations of our marks with the USPTO. We have not yet filed renewals for such registrations because they are not yet due for renewal. We plan to submit renewals as they come due.

We do not have a federal registration on the principal register for our "Bricks & Minifigs" standard character mark. Registration for this mark is on the supplemental register. Therefore, this trademark does not have many legal benefits and rights as a federally-registered mark on the principal register. If your right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. If our right to use the trademark is challenged by the Lego Group of companies, you may have to change to an alternative trademark, which may increase your expenses.

We also claim common law rights in our trademarks based on our prior use.

There are no presently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks.

By "trademarks" and "Marks" we mean trade names, trademarks, service marks, logos, and commercial symbols used to identify the business and certain foreign marks. We believe that there are no agreements currently in effect that significantly limit our rights to use or license others to use the trademarks and service marks listed in this Item 13 in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

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

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any

of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signage from your Store, and to purchase and install new signage. We have no liability to you.

There are no infringing uses actually known to us at the time of this agreement that could materially affect your use of the Marks in any state. There may be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights without our knowledge. Before starting business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your business name.

You are reselling products and services that contain the Lego trademark/trademarks. We have not obtained any license from The Lego Group of companies to use the Lego trademarks. Therefore, you may not make use of The Lego Group's trademarks in any advertising, marketing, and promotional materials.

You must follow our rules when you use the Marks. You may not use the Marks in any manner we have not authorized in writing. You may not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have or will affix a statutory notice of copyright to our Operations Manual, to certain of our advertising materials, training materials, websites, proprietary software, and to all modifications and additions to them. There are no determinations, agreements, infringements or obligations currently affecting these notices or copyrights. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your Franchise Agreement.

Although we have not filed applications for copyright registration, all copyrighted materials are our property. You are only permitted to use our copyrighted materials, proprietary processes and systems in accordance with the Franchise Agreement and only as long as you are a franchisee. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to, and interest in, our copyrights and other proprietary information.

We do not know of any prior rights or infringing uses that could materially affect your use of our copyrighted materials. You must notify us immediately after receiving notice of any claim, demand or cause of action pertaining to the copyrighted materials or on learning that any third party uses the copyrighted materials without authorization. After receipt of timely notice of an action, claim or demand against you relating to the copyrighted materials, we have the right, but not the obligation, to defend or settle any such action. The Franchise Agreement does not obligate us to take affirmative action when notified of infringement. We have the right to contest or bring action against any third party regarding the third party's unauthorized use of any of the copyrighted materials. We have the right to control all actions but are not obligated to take any action. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. In any defense or prosecution of any litigation relating to the copyrighted materials undertaken by us, you must cooperate with us, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution.

We may change or discontinue any part of the copyrighted materials at any time at our sole discretion. You will modify or discontinue use of any copyrighted materials, or will use one or more substitute copyrighted materials, if we so direct in writing at any time. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the copyrighted materials will apply with equal force to any modified or substituted copyrighted materials.

We have no patents material to your franchise.

We claim proprietary rights to certain confidential information and trade secrets related to our business processes and supplier relationships that you will learn during training and our franchise relationship. We consider such processes and modifications to be our trade secrets.

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

You are required to retain a manager ("Store Manager") for the operation and management of your Bricks & Minifigs® store. The Store Manager may, but need not, be you or one of the managing partners, managing members, members, or shareholders of the Business. The Store Manager need not have any set percentage of the equity of the franchised business. These individuals must also be trained by you in compliance with standards and specifications in our Operations Manual (Franchise Agreement Section 12.6).

You (or your managing partner, managing member, member, shareholder or non-owner manager) must use his or her best efforts in the operation of the Bricks & Minifigs® store.

Each of your owners must sign the Franchise Agreement directly or sign the Personal Guaranty attached as Schedule 5 of the Franchise Agreement. Each of your officers, agents, directors, shareholders, trustees, beneficiaries, partners, and independent contractors who may obtain or who are likely to obtain knowledge concerning our Confidential Information must sign the Confidentiality and Non-Compete Agreement attached as Schedule 8 of the Franchise Agreement.

You may not employ any individual who is at the time or was at any time during the prior six months employed in a managerial or administrative position by us or any of our affiliates or by another franchisee of ours without the prior written consent of us. As a condition to such consent, you may be required to compensate the former employer for the reasonable costs and expenses incurred by the employer in connection with the training of any replacement employee.

If you are a corporation, limited liability company, or partnership, each shareholder, member, or partner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and noncompetition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 5 of the Franchise Agreement.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you use, offer and sell only those products and services that we approve in writing. You must offer all products and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete and add to the authorized products and services.

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

"FA" refers to the Franchise Agreement.

THE FRANCHISE RELATIONSHIP

Provision	Section in franchise or other agreement	Summary
a. Term of the Franchise Agreement.	FA Section 7.1	The initial term of the Franchise Agreement is equal to the initial term of your Accepted Location lease (but not less than 5 years or more than 7 years). The initial term is 5 years if you own the Accepted Location.
b. Renewal or extension of the term.	FA Section 7.2	If you meet certain requirements, then you may renew for successive periods. Each renewal term of the franchise will match the renewal term of your lease for the Accepted Location (but not less than 5 years or more than 7 years). Each renewal term is 5 years if you own the Accepted Location.
c. Requirements to renew	FA Section 7.2	Written notice from you no less than 6 months or more than 12 prior to expiration, full compliance, sign general release (subject to state law), sign then current form or new FA, and pay renewal fee. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract.

Provision	Section in franchise or other agreement	Summary
d. Termination by you.	FA Section 23.4	If we have materially failed to comply with terms of the FA after 90 days' notice.
e. Termination by us without cause.	None	We cannot terminate your FA without cause.
f. Termination by us with cause.	FA -Section 23.3 FA- Section 14.2	We can terminate your FA if you breach a material provision of the FA or fail to open the business.
g. "Cause" defined as which cannot be cured.	FA- Section 23.3	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction, noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of confidential information, and other defaults listed in the Franchise Agreement.
h. "Cause" defined; defaults which can be cured.	FA- Section 23.2	5 days for failure to pay amounts owed; 30 days for all other defaults.
i. Your obligations on termination / non-renewal.	FA- Section 24	Cease operating franchised business; cease use of confidential information and Marks; no adaption of confusingly similar Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; transfer domain names and web sites; give us the rights to purchase your assets if we choose; deliver manuals; assign phone numbers; comply with covenants and see "r" below.
j. Assignment of contract by us.	FA- Section 22.3	No restriction on our right to assign.
k. "Transfer" by you-definition.	FA- Section 22.2	Includes transfer of the FA and business assets by you.

Provision	Section in franchise or other agreement	Summary
l. Our approval of transfer by you.	FA- Section 22.2 and 22.5	We have the right to approve all transfers by you.
m. Conditions of our approval of transfer.	FA- Section 22.2	Full compliance; transferee qualifies; transferee does not operate a business similar to a Bricks and Minifigs®; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of FA; you sign and deliver other required documents including a release to our satisfaction (subject to state law); transferee executes an assumption agreement; transferee upgrades the Store to our then current standards; you remain liable for all obligations that you incur prior to the date of transfer; you obtain all necessary consent from your lenders and governmental authorities for the transfer; you obtain the landlord's approval of the transfer; and you do not compete with us or our franchisees.
n. Our right of first refusal to acquire your business.	FA- Section 22.3 and 22.5	We have the right to match any offers.
o. Our option to purchase your assets upon termination or non-renewal.	FA- Section 22.5 and 24.7	We may purchase equipment and furnishings at fair market value and inventory at your cost minus 10% restocking charge, or purchase franchise business for fair market value determined by appraisal if parties are unable to agree on value.
p. Your death or disability.	FA- Section 22.4	Franchise must be assigned to approved buyer within 6 months.
q. Non-competition covenants during the term of the Franchise.	FA- Sections 16.2 and 19	Subject to state law, no disclosure of confidential information, diversion of business or customers, or involvement in any competitive business anywhere in the US other than existing business.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires.	FA- Sections 16.2 and 19	Subject to state law, no disclosure or use of confidential information, diversion of business or customers for two years after expiration or termination of the Franchise Agreement. Subject to state law, no interest in Competing Business for 3 years within 25 miles of any company owned outlet or other franchises; no interest in a Competing Business via online e-commerce or any similar medium anywhere in the world for 3 years.
s. Modification of the Agreement.	FA- Section 25.10	No modification except by written agreement, Operations Manual are subject to change.
t. Integration / merger clause.	FA- Section 25.11	Only the terms of the Franchise Agreement and Operations Manual are binding (subject to state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you.
u. Dispute resolution by arbitration.	FA- Section 25.4	Arbitration and mediation in Utah County, State of Utah (subject to state law).
v. Choice of forum.	FA- Section 25.7	Litigation in Utah County State of Utah (subject to state law).
w. Choice of law.	FA- Section 25.7	State of Utah laws apply (unless prohibited by laws of state where Franchise is located).

Item 18
PUBLIC FIGURES

We currently do not use any public figure to promote our Franchise.

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following tables are historical financial performance representations for our franchisee-owned and company-owned outlets that were in operation for the entire 2019 calendar year. Additional information is found in the notes following the tables.

Table No. 1
2019 Franchisee Performance Totals

2019	# of Franchise Units	Total Revenue	Avg. Revenue	Median Revenue
Total Qualifying Units	38	$8,592,707.67	$238,686.32	$229,848.92
# and % of Units that Attained or Surpassed the Stated Results			17 (47%)	18 (50%)

Table No. 2
2019 Franchisee Top, Middle, & Bottom Performance Totals

2019	# of Units	Total Revenue	Avg. Revenue	Median Revenue
Top 1/3	12	$3,951,900.22	$329,325.02	$307,714.90
# and % of Units that Attained or Surpassed the Stated Results			4 (33%)	6 (50%)
Middle 1/3	12	$2,782,915.30	$231,909.61	$229,848.92
# and % of Units that Attained or Surpassed the Stated Results			5 (42%)	6 (50%)
Bottom 1/3	12	$1,857,892.15	$154,824.35	$174,033.79
# and % of Units that Attained or Surpassed the			8 (67%)	6 (50%)

Stated Results				

Below is a breakdown of financial data of active corporate units from the 2019 fiscal year. The data included was taken from 2 corporate owned units that were in operation for the entire 2019 fiscal year.

Table No. 3
2019 Corporate Unit Performance Totals

2019	# of Corporate Units	Total Revenue	Avg. Revenue	Median Revenue
Total Qualifying Units	2	$484,378.37	$242,189.19	$242,189.19
# and % of Units that Attained or Surpassed the Stated Results			1 (50%)	1 (50%)

Below is a breakdown of the combined financial data of all active units from the 2019 fiscal year. The data included was taken from the 36 franchised units and the 2 corporate units, bringing the total to 38 units that were in operation for the entire 2019 fiscal year.

Table No. 4
2019 Combined All Unit Performance Totals

2019	# of Units	Total Revenue	Avg. Revenue	Median Revenue
Total Qualifying Units	38	$9,077,086.04	$238,870.69	$229,848.92
# and % of Units that Attained or Surpassed the Stated Results			18 (47%)	19 (50%)

Table No. 5
2019 Combined Units Top, Middle, & Bottom Performance Totals

2019	# of Units	Total Revenue	Avg. Revenue	Median Revenue
Top 1/3	13	$4,249,945.36	$326,918.87	$301,818.11
# and % of Units that Attained or Surpassed the Stated Results			5 (39%)	7 (54%)
Middle 1/3	12	$2,782,915.30	$231,909.61	$229,848.92
# and % of Units that Attained or Surpassed the Stated Results			5 (42%)	6 (50%)
Bottom 1/3	13	$2,044,225.38	$157,248.11	$180,402.60
# and % of Units that Attained or Surpassed the Stated Results			9 (69%)	7 (54%)

Lego® is a registered trademark of the LEGO Group of companies which does not sponsor, authorize or endorse the Bricks & Minifigs® franchise

Notes:

1. As of December 31, 2019, there were 39 total franchisees in operation (38 in the United States and 1 in Canada) and two stores owned by us or an affiliate ("Company-Owned Stores"). As of December 31, 2019, 38 franchisees and two Company-Owned Stores had been in operation for at least 12 months and 1 franchisee had been in operation for less than 12 months. The numbers assigned to our franchisees in the tables have been randomly assigned; they are in no particular order.

2. In this Item 19, "Total Revenue" means gross revenue minus adjustments, discounts, credits, returns, and sales taxes.

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

4. Characteristics of the included operations may differ substantially from your Franchise depending on your previous business and management experience, competition in your area, length of time that the included operations have operated as compared to your Franchise, local economic and market conditions, local labor and product costs, and the services or goods sold through your Franchise as compared to the operations included in this Item 19 financial performance representation.

5. **Some outlets have sold the amounts disclosed in this financial performance representation. Your individual results may differ. There is no assurance you'll sell as much.**

6. Written substantiation for this financial performance representation is available to you upon reasonable written request.

7. Our contact information for purposes of this Item follows: Ammon McNeff, President, BAM Franchising, Inc., 225 West 520 North, Orem, Utah 84057, (888) 534-6776.

8. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable and consult with professional advisors before signing the Franchise Agreement.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2017	19	34	+15
	2018	34	38	+4
	2019	38	37	-1
Company-Owned**	2017	2	1	-1
	2018	1	2	+1
	2019	2	2	0
Total Outlets	**2017**	**21**	**35**	**+14**
	2018	**35**	**40**	**+5**
	2019	**40**	**39**	**-1**

* This includes the unit franchise owned and operated by our subfranchisor in Labrador, Canada.

** These "company-owned" outlets are owned and operated by entities in which one or more of our officers owns an interest.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2017 to 2019

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2017	0
	2018	1
	2019	0
New Mexico	2017	0
	2018	0
	2019	1
Tennessee	2017	0
	2018	0
	2019	1
Washington	2017	0
	2018	0
	2019	0
Totals	**2017**	**0**
	2018	**1**
	2019	**2**

Table No. 3

Status of Franchise Outlets
For Years 2017 to 2019

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Arizona	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
California	2017	0	1	0	0	0	0	1
	2018	1	2	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Colorado	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Connecticut	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Florida	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Georgia	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	1	0
Illinois	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Indiana	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
	2019	0	0	0	0	0	0	0
Kentucky	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Massachusetts	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Michigan	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Montana	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nebraska	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nevada	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	1	0
New Mexico	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Oregon	2017	3	2	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Tennessee	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Texas	2017	3	4	0	0	0	0	7
	2018	7	0	0	0	0	0	7
	2019	7	1	0	0	0	0	8
Utah	2017	1	1	0	0	0	0	2
	2018	2	1	0	0	1*	0	2
	2019	2	0	0	0	0	0	2
Washington	2017	2	2	0	0	0	0	4
	2018	4	0	0	0	0	1	3

	2019	3	0	0	0	0	0	3

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Wisconsin	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
St. Johns, Labrador, Canada	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Total	**2017**	**19**	**15**	**0**	**0**	**0**	**0**	**34**
	2018	**34**	**7**	**1**	**0**	**1**	**1**	**38**
	2019	**38**	**1**	**0**	**0**	**0**	**2**	**37**

* This store became a Company-Owned Store during 2018 when two of the owners of the entity that operates this outlet, Ammon and Matthew McNeff, became officers of BAM Franchising, Inc.

Table No. 4

Status of Company-Owned Outlets
For Years 2017 to 2019

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Idaho	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Oregon	2017	1	0	0	0	1	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Utah	2017	0	0	0	0	0	0
	2018	0	1*	0	0	0	1
	2019	1	0	0	0	0	1
Total	**2017**	**2**	**0**	**0**	**0**	**1**	**1**
	2018	**1**	**1**	**0**	**0**	**0**	**2**
	2019	**2**	**0**	**0**	**0**	**0**	**2**

* This store became a Company-Owned Store during 2018 when two of the owners of the entity that operates this outlet, Ammon and Matthew McNeff, became officers of BAM Franchising, Inc.

Table No. 5

Projected New Franchised Outlets
As of January 1, 2020 for the period ending December 31, 2020

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 Current Fiscal Year
Arkansas	0	1	1
Arizona	1	0	0
Florida	0	1	1
Minnesota	0	1	1
Nevada	0	1	0
Virginia	0	1	1
TOTALS	**1**	**5**	**4**

A list of the names of all Franchisees and the addresses and telephone numbers of their Bricks & Minifigs® business are listed as Exhibit F to this Disclosure Document.

A list of the name and last known home address and telephone number of every Franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently concluded fiscal year or who has not communicated with us within 10 weeks of our application date is attached as Exhibit G.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. For example, some former franchisees have signed mutual termination and release agreements that prohibit the former franchisees from disparaging us.

The following is a list, to the extent known to us, of the names, addresses, telephone numbers, email addresses, and Web address of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored, or endorsed:

Brick & Minifigs Franchisee Advisory Council
Created by BAM FRANCHISING, INC. (Franchisor)
Contact: Ammon McNeff, Franchisor's President
225 West 520 North, Orem, Utah 84057
www.BricksandMinifigs.com
Franchise@BricksandMinifigs.com

Lego® is a registered trademark of the LEGO Group of companies which does not sponsor, authorize or endorse the Bricks & Minifigs® franchise

There are no independent franchisee organizations that have asked to be included in this disclosure document.

Item 21
FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2017, 2018 and 2019 are attached to this Disclosure Document as Exhibit H. Also attached are our unaudited financial statements as of April 30, 2020. Our fiscal year end is December 31.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Item 22
CONTRACTS

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

Franchise Agreement - Exhibit A

Schedule 1:	Accepted Location and Territory
Schedule 2:	Pre-Existing Businesses
Schedule 3:	Executive Order 13224
Schedule 4:	ADA & Related Certifications
Schedule 5:	Personal Guaranty
Schedule 6:	Addendum to Lease Agreement
Schedule 7:	Statement of Ownership Interests and Principals
Schedule 8:	Confidentiality and Non-Compete Agreement
Schedule 9:	Multiple Franchise Purchase Addendum
Schedule 10:	SBA Addendum to Franchise Agreement

Disclosure Acknowledgment and Agreement - Exhibit C

State Addenda - Exhibit D

Form of General Release – Exhibit I

Item 23
RECEIPTS

Attached to this Disclosure Document are two Receipt pages (Exhibit J). They are duplicates that evidence your receipt of this Disclosure Document – the first is to be retained by you, the other by us.

Lego® is a registered trademark of the LEGO Group of companies which does not sponsor, authorize or endorse the Bricks & Minifigs® franchise

EXHIBIT A

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Between

BAM Franchising, Inc.

225 West 520 North225 West 520 North
Orem, Utah 84057
(888) 534-6722
www.BricksandMinifigs.com

and

_____

_____

_____

Collectively referred to as "Franchisee"

BAM Franchising, Inc.
FRANCHISE AGREEMENT

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SCHEDULE 9: MULTIPLE FRANCHISE PURCHASE ADDENDUM

SCHEDULE 10: SBA ADDENDUM TO FRANCHISE AGREEMENT

BAM Franchising, Inc.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made by and between BAM Franchising, Inc., hereinafter sometimes referred to as "**BAM**" or "**Franchisor**" and that party or parties described as the Franchisee in the first two pages of this Agreement and on the signature line, hereinafter known as "**you**" or "**Franchisee**." For ease of reference, BAM Franchising, Inc., will also be referred to as "**we**", "**us**" or "**our**" in this Agreement. The persons signing as Franchisee or Guarantors will also be referenced to herein individually as "**you**" or "**yours**" or collectively as "**Franchisee**." The parties hereto are entering into this agreement to evidence the agreement and understanding between the parties as follows:

RECITALS

WHEREAS, Franchisor has the right to license a system or business program, including expertise for conducting and operating a business under the mark and design Bricks & Minifigs™; and

WHEREAS, Franchisor the exclusive owner of its certain trade names, trademarks, logos, tag lines, service marks and other property in connection with the operation of a Bricks & Minifigs™ business and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system ("**System**") for the establishment and operation of a re-sale store specializing in LEGO® brand products: and

WHEREAS, Subject to the terms and conditions of this Agreement, Franchisor authorizes for use by Franchisee, the Bricks & Minifigs™ trade name(s), mark(s) and the stylized logo, emblems for the operation of a re-sale store that sells new and used LEGO® bricks, LEGO® mini figures and accessories, LEGO® play sets, apparel and pre-approved non-LEGO® branded and/or LEGO® compatible products and season specific merchandise (hereinafter referred to as "**Products**") in addition to programs offered to customers to sell and/or trade their used LEGO® products and accessories (hereinafter referred to as "**Services**") at a Bricks & Minifigs™ franchised location (the "**Accepted Location**" identified in Schedule 1) (your franchised business is referred to as your "**Store**" or your "**Franchise**" in this Agreement); and

WHEREAS, Franchisor has been developed to offer a complete solution for any group or person who is seeking to sell, trade or purchase new and/or used LEGO® building bricks, mini figures and accessories. This is a retail store typically located in shopping malls, strip Stores or free standing structures (all of which must be approved by us) featuring high quality LEGO® products and related merchandise. A Bricks & Minifigs™ franchise will: provide programs permitting customers to sell and/or trade their used LEGO® bricks, LEGO® mini figures and accessories; offer for sale a wide selection of new and used LEGO® bricks, LEGO® mini figures and accessories sold in bulk or full play sets in addition to selling apparel and other merchandise approved by us. Additional products and services are customizable as a franchisee may also offer: online LEGO® sales, LEGO® memorabilia, LEGO® posters, approved non-LEGO® toys, consignment services, approved themed entertainment services (such as birthday parties, holiday parties or school events), approved off-site events, after school project-based programs teaching the principals of building with LEGO® bricks to children and other toy-related products and services approved by us.

WHEREAS, We identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the marks "Bricks & Minifigs", "Bricks and Minifigs" or "Bricks and Figs" and such other trade names, service marks, trademarks and trade dress as are now designated (or may be designated hereafter by Franchisor in writing) for use in connection with our System (the "**Names and Marks**"); and

WHEREAS, Franchisor continues to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under its System, and to represent the

System's high standards of consistent quality, appearance, and service; and

WHEREAS, Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and System; and

WHEREAS, Franchisee desires to obtain a franchise from Franchisor for the right to use the Names and Marks and the expertise for operating a Bricks & Minifigs™ franchised business, and to obtain the benefits and knowledge of Franchisor's System including, but without limitation, distinctive LEGO® products and accessories, inventory management systems, purchasing strategies, vendor and supplier relationships, operational procedures, merchandising, sales techniques and methods; build-out specifications, procedures for safety and quality control, inventory management systems, cost and pricing strategies, advertising, marketing and sales materials, control systems, bookkeeping, financing and accounting methods; and in general a style, method and procedure of business operation utilizing the Names and Marks and System, all as a Franchisee of Franchisor; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, and service and the necessity of operating the Franchise in conformity with Franchisor's standards and specifications.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee, and if you are an "Entity" such as a limited liability company, a partnership, corporation or other type of entity, then each Owner ("**Owner(s)**") shall mean those holding any type of ownership interest in the Entity) hereby represents that Franchisee has conducted an independent investigation of the Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, sales, revenues, or success of the business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney. Except as otherwise provided under applicable state law or regulation, Franchisee hereby releases Franchisor, any owners of a direct or indirect interest in Franchisor, all employees of Franchisor, its affiliated companies and all agents of Franchisor from liability based on any such warranties, guarantees, representations or agreements, to the extent permitted by law.

The Franchisee acknowledges that Franchisor has not made, and does not hereby make, any representation or warranty as to potential revenues, income, profits, sales, revenues, volume or success of the Franchise or merchantability, performance, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or make any other representation or warranty with respect to the System. Franchisor shall not be liable to the Franchisee for, nor shall the Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or any Products or Services, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the System, or any loss of business, profits, consequential or other damage of any nature.

2. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges having received, read, and understood this Agreement, including the Franchise Disclosure Document, Exhibits, and attachments thereto. Franchisee further acknowledges that Franchisor has provided Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, attachments referred to herein, and agreements relating hereto, as well as the Franchise Disclosure Document if any, at least 14 calendar days prior to the date on which this Agreement was executed and any money paid for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by a representative of Franchisor to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by Franchisor or its agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by Franchisor. The only representations, warranties and obligations of Franchisor are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee and have made no representation that it will buy back from Franchisee any products, supplies or equipment purchased by Franchisee in connection with the Franchise, except where the Franchisor is otherwise required by law or regulation to buy back products, supplies, and equipment upon expiration or termination of this Agreement.

3. ACTUAL, AVERAGE, PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

We do not make or present and have not prepared Financial Performance Representations and have not made them as an exhibit to the Franchise Disclosure Document. If Financial Performance Representations were to be provided in the Franchise Disclosure Document, they are the only statement of sales, revenues, profits or earnings that the Franchisee should rely upon.

Franchisee, and each party executing this document hereto, acknowledges that neither Franchisor nor any officer, director, employee or agent of Franchisor has made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Franchise (defined as "**Financial Performance Representations**"), except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

4. RELATIONSHIP OF THE PARTIES

4.1 Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from the Franchisor. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. The Franchisee is responsible for collecting and remitting social security, Medicare, unemployment contributions and/or any other mandated county, state or federal obligations on behalf of its employees.

4.2 Franchisor Is Not in a Fiduciary Relationship with Franchisee

It is understood and agreed by the parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, the Franchisor shall not have any fiduciary relationship to the Franchisee by virtue of the facts that the Franchisor may operate a System Advertising Fund (as defined in Section 10.2 of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall Franchisor be liable by reason of any act or omission of the Franchisee in its conduct of the Franchise or for any claim, liability or judgment arising therefrom against the Franchisee or Franchisor.

The Franchisee represents, warrants and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, such documents do not and will not contravene any other instrument or agreement to which the Franchisee is party and there is no pending litigation, tax claim, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section 12.6).

5. FRANCHISE GRANT

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein, to operate a Store in the geographical territory identified in the attached Schedule 1 (the "**Territory**"), with the right to use solely in connection therewith the Franchisor's Names and Marks, Products, Services, its advertising and merchandising methods, and Franchisor's System, as they may be changed, improved and further developed from time to time only at the Accepted Location and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or any other agreement is executed, this Franchise includes no right of Franchisee to sub-franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by Franchisor in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a Bricks & Minifigs® Franchise, provided that Franchisee shall not violate any applicable law, regulation or provision of this Agreement in exercising such discretion.

6. ACCEPTED LOCATION AND TERRITORY

If your Accepted Location is not designated prior to the signing of this Agreement, then you must select a site for the Accepted Location (subject to our approval) within your Territory. We determine the size and boundaries of the Territory. The Territory will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, market penetration or any other contingency.

Franchisee may not conduct business from any location other than the Accepted Location. However, Franchisee may conduct business at off-site events (such as carnivals, festivals, outdoor markets, etc.) to sell Products or provide Services subject to Franchisor's prior approval (which will not be unreasonably withheld) and as long as such events are within the Territory.

Franchisee shall not relocate a Bricks & Minifigs® business that has been assigned a location with the Territory, without the express prior written consent of Franchisor (specified in Section 22.1).

During the term of this Agreement, Franchisor shall not establish, nor license another party or entity to establish, a Bricks & Minifigs™ store using the Names and Marks and System within the Territory unless Franchisee decides to open additional locations. However, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located. If Franchisee decides to open additional Stores and buys the rights to additional Franchises, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Store as defined in Section 9.4of this Agreement).

Franchisee is not restricted as to the geographic area into which Franchisee may attract customers; however, Franchisee cannot perform any target marketing ("**Target Marketing**") into any other Territory of another franchisee or company-owned or affiliate-owned outlet. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain customers by any type of advertising or marketing directed at all or any portion of another franchisee's territory (or the territory of a company-owned or affiliate-owned outlet). Franchisor shall use commercially reasonable efforts to deal with any Franchisee that violates this policy. Franchisee may accept business, sell Products (which includes shipping Products) and provide Services to customers who live outside the Territory even if such customers live within another franchisee's protected territory, so long as the Products and Services that Franchisee is providing are being performed from or at the Accepted Location within the Territory. Franchisee, however, is prohibited from selling Products through any alternative channels of distribution (such as Websites as defined below) without our written approval. If Franchisee is granted permission to sell Products through an alternative channel of distribution, per Franchisor's written approval, Franchisee may sell Products customers outside Franchisee's Territory without compensation to the other franchisee or company-owned store. Franchisor's response to Franchisee's request will be made within thirty (30) days after Franchisor receives it, otherwise the request will be deemed disapproved. Approval may be revoked in Franchisor's sole discretion. Franchisor, company-owned locations and other franchisees reserve the same right to sell and ship Products or perform Services to customers who may live within Franchisee's Territory without compensation to Franchisee.

If Franchisee is asked to conduct business at off-site events in geographical areas in which there is another franchisee, Franchisee must refer that request to the Bricks & Minifigs® store in that geographical area or directly to us. Whether the other Bricks & Minifigs® store is a franchise or company-owned store, you must not conduct business at off-site events in that geographical area. If there is not a Bricks & Minifigs® store in that geographical area, then you must submit a request to conduct business at off-site events to Franchisor and upon its written approval, Franchisee can proceed. Franchisor shall approve or deny Franchisee's request to conduct business at off-site events in other geographical areas not owned by other franchisees or Franchisor, which approval is in Franchisor's sole discretion, within five (5) days of Franchisee's written request. Failure of Franchisee to refrain from

Target Marketing and/or refer off-site events to another franchisee or company-owned store, as described above, may result in termination of this Agreement as specified in Section 23.3

We encourage Bricks & Minifigs® stores, when owned by different individuals, to work out a customer referral arrangement if they are within close proximity of each other (defined as being within a five (5) mile radius of each other). We must be notified in writing of all such arrangements.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Bricks & Minifigs® franchisees will be permitted to provide Products and/or offer Services in accordance with the specifications described in any particular program established by us. Currently in effect, is our National Account program. The National Account program is defined as follows:

a) The term "**National Account**" means a special class of customers which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's territory regardless of the aggregate contract amount of the Products and/or Services the Franchisee wishes to provide or perform. Any dispute as to whether a particular customer is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;

b) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing the proprietary marks, to negotiate and enter into agreements or approve forms of agreement to provide Products and offer Services to National Account customers, including any affiliate, company owned or franchised locations within the Territory;

c) Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of Products or Services to one or more National Account customer location within the Territory, Franchisor will, if Franchisee is qualified and conditioned upon the terms of this Agreement and any addendum, provide Franchisee the option to provide such Products and offer Services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as Franchisor in its sole discretion determines;

d) If Franchisee elects not to provide Products and/or Services to a National Account customer in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:

   i. Provide directly or through any other affiliate or franchisee utilizing our proprietary marks, Products and/or Services to the National Account customer location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

   ii. Contract with another party to provide such Products and/or Services to the National Account customer location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between us and the National Account customer, utilizing our proprietary marks or any trademarks, service marks or trade names.

e) Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of Products or Services to National Account customers as authorized in (i) above, nor if we contract with another party to provide such Products and/or Services as authorized in (ii) above, shall constitute a violation of

Section 6 of this Agreement relating to the exclusivity of the Territory, even if such Products and/or Services are delivered or performed from a location within the Territory. Franchisee disclaims any compensation for Products sold or Services provided by others in the Territory pursuant to this section.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Agreement. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on the location, operation, or otherwise of present or future Bricks & Minifigs™ (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Store and whether or not they sell Products or offer Services to customers within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, products and/or services, in which we or any Franchisor-related persons or entities may be involved, now or in the future.

We and the Franchisor-Related Persons/Entities expressly reserve all other rights, and can (along with anyone we designate):

1) Own and/or operate ourselves, and/or authorize others to own and/or operate:

a) Any kind of business in the Territory that is not substantially similar to a Bricks & Minifigs® business, whether or not using Bricks & Minifigs® Marks and System and on any terms and conditions we deem appropriate; and

b) Any kind of business outside of the Territory, including, without limitation, Bricks & Minifigs® businesses, whether or not using Bricks & Minifigs® Marks and System and on any terms and conditions we deem appropriate;

2) Develop, distribute and sell Bricks & Minifigs® labeled and branded (or any other brand) products to customers located anywhere (including within the Territory) using any channel of distribution and on any terms and conditions we deem appropriate (including, but not limited to, toy stores or other retail stores and other similar venues and other channels of distribution such as television, mail, catalog sales, wholesale to unrelated retail outlets or over the Internet) other than Franchisee's Store located in the Territory and on any terms and conditions we deem appropriate;

3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using Bricks & Minifigs® System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere;

4) Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the Bricks & Minifigs® Marks and System). Franchisee agrees to participate at its expense in any such conversion as instructed by Franchisor;

5) We may choose in our Business Judgment (as defined in Section 21 of this Agreement) to advertise, sell and distribute Products and/or offer Services through the Internet, World Wide Web and other similar venues (no matter where the customer is located) without paying any compensation to Franchisee. The Internet is a channel of distribution reserved exclusively to Franchisor and Franchisee may not independently market on the Internet or conduct e-commerce, without the Franchisor's written consent; and

6) Acquire any Websites utilizing a domain name incorporating one or more of the following words: Bricks, minifigs, mini-figures, figs, LEGO®, supply, supplies. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites

like Facebook, Twitter, LinkedIn, blogs and other applications). Franchisee shall not establish a Website on the Internet using any domain name containing the words "Bricks & Minifigs" and "Bricks and Minifigs" or any variation thereof or any other words that describe the Bricks & Minifigs® business as determined by us, in our sole discretion, which may change from time to time. The Franchisee acknowledges that we have all right, title and interest in and to such domain names, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Store. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require; and all such work must be performed by us, our affiliates or approved vendors (Franchisee is responsible for all expenses); (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if Franchisor requires, Franchisee must establish hyperlinks to Franchisor's Website and other Websites; and (vi) Neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further Franchisee shall educate and make commercially reasonable efforts to monitor its employees to help avoid them making any such postings. Franchisor retains the right to pre-approve Franchisee's use of linking and framing between the Franchisee's website and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee's web pages and any other Websites, if and as requested by Franchisor.

Franchisee's Territory may be altered at the time of transfer or renewal.

7. TERM AND RENEWAL OF AGREEMENT

7.1 Term

The franchise herein granted for a Bricks & Minifigs® store, shall commence on the date of execution and acceptance (the "Effective Date") of this Agreement by us. The expiration date of the term of this Agreement shall be the same as the expiration date of the initial term of the lease for your Accepted Location, but not less than five years or more than seven years, and subject to earlier termination as herein provided. However, if the expiration date of your Accepted Location lease is unclear in Franchisor's reasonable opinion, then the initial term of this Agreement shall be five years from the Effective Date.

7.2 Renewal

If Franchisor is still offering franchises at the anticipated time of renewal, Franchisee and Franchisor may, at their mutual option, renew this Franchise for successive, single terms. Each renewal term of this Franchise will match each renewal term of your lease for the Accepted Location (but not less than five years or more than seven years). If you own the Accepted Location, each renewal term will be five years. Renewal will be subject to the following pre-conditions, all of which must be met prior to renewal:

1. Franchisee shall give the Franchisor written notice of its election to renew not more that twelve (12) months and not less than six (6) months prior to the end of the then-current term;

2. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall

have complied with all the terms and conditions of all such agreements during the terms thereof;

3. Franchisee's right to renew is contingent on full compliance with this Agreement and any renewal agreement. Franchisor may refuse to renew or extend the franchise if: (a) Franchisee has failed to use its best efforts to operate the franchised business to Franchisor's satisfaction; (b) the franchise is terminable by law or under this Agreement; (c) Franchisee fails to give timely written notice of its exercise of its renewal option; (d) Franchisor is withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy Franchisor's then-current standards for new franchisees; or (f) Franchisee is in default of this Agreement;

4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met these obligations throughout the previous term;

5. Franchisee shall execute, before the renewal term, the Franchisor's then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement. Franchisor will charge Franchisee a flat renewal fee of $2,000 for the same protected area as outlined in Section 6, or Territory, above;

6. Franchisee shall comply with Franchisor's then-current qualification and training requirements;

7. Franchisee must execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective owners, officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws; and

8. Franchisee shall upgrade, remodel and/or refurbish the Store (both inside and outside) in order to meet our then-current standards. Graphics, signage and all furnishing, fixtures, equipment and POS system located at the Store must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

8. FRANCHISEE'S INITIAL INVESTMENT

The Franchisee's initial investment will vary depending upon the location, the market for retail space rentals in the Franchisee's territory, number of Products the Store offers, number of employees that the Franchisee has, amount of inventory Franchisee purchases, size of the Store, time of year when Franchisee starts business, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. These start-up costs include the franchise fee.

9. FRANCHISEE'S INITIAL FRANCHISE FEE

9.1 Time Limit for Starting Franchise

You must open the Store for business (the "**Opening**") within 180 days of the date of execution of this Franchise Agreement (the "**Opening Deadline**"). You must open your Store within 180 days of signing the Franchise Agreement unless we otherwise approve in writing. We will only grant such approval on occasions with extenuating circumstances such as significant and unusual delays beyond your reasonable control at our sole discretion. If you fail to open on time, we may terminate your Franchise Agreement.

Before Opening, you must qualify for and obtain all necessary licenses and permits needed to sell Products

and offer Services and must meet all other Opening pre-conditions described in Section 12 and elsewhere in this Agreement.

The Franchise Fee is nonrefundable except as follows: If during the initial training program, we believe that you (or your managing owner(s)) are not qualified to operate a Bricks & Minifigs™ Franchise, then we will terminate your Franchise and refund your Initial Franchise Fee minus our demonstrated expenses without interest.

Upon Franchisee's failure to timely satisfy the Opening requirement or agree on a Territory by the Opening Deadline, Franchisor may, at its sole discretion, terminate the Franchise and this Agreement and either retain all fees paid by Franchisee or return such fees less its expenses and cost, without breach of this Agreement (Section 23.3).

During the term of this Agreement, the accepted Territory shall be used exclusively for the purpose of operating a franchised Bricks & Minifigs® store. In the event the Store shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Store within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Store will be that which existed just prior to the casualty; however, every effort should be made to have the restored Store include the then-current image, design and specifications of a Bricks & Minifigs® store.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Store from any cause whatsoever or requisition of the Store by any governmental entity or the taking of title to the Store by eminent domain or otherwise (collectively, "**Loss**"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Store (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Store in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Store and it is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Store or find an alternative location within the Territory within thirty (30) days. Franchisor may extend this period an additional thirty (30) days at its discretion and failure of Franchisee to comply may result in termination of this Agreement. The Franchisee shall be relieved of all obligations under this Agreement, and the Franchisee must return to us the System (including all materials) and Franchisor has the first right of refusal to purchase all Assets (as described in Section 24.7).

It is understood and agreed that, except as expressly provided herein this franchise includes no right of Franchisee to sub franchise.

9.2 Cooperation Required

Franchisee shall cooperate reasonably with Franchisor to ensure that the various actions occur which are necessary to obtain acceptance by Franchisor of the Store location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by Franchisor regarding Franchisee's business and finances.

9.3 Initial Franchise Fee

The Initial Franchise Fee is $25,000 and is due upon execution of this Agreement (unless otherwise provided in an applicable Multiple Franchise Purchase Addendum if you are purchasing multiple franchises simultaneously). The Initial Franchise Fee includes an affiliate regional web page housed within our national website; an initial training program (up to approximately five days); manuals; and up to three days of on-site guidance, pre-opening assistance and grand opening assistance.

The Initial Franchise Fee shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by us in granting this Franchise and for our lost or deferred opportunity to franchise to

others, except as provided in Section 9.1, above.

9.4 Expansion and Establishing Additional Franchises

If Franchisee desires to establish and operate additional Bricks & Minifigs® Businesses, we may in our sole discretion, grant Franchisee a license to operate additional Businesses at our then-current Initial Franchise Fees for the purchase of additional franchises. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements; (b) Franchisee must execute our then-current franchise agreement; and (c) the Franchisee must not be in default of any of the terms of this Agreement plus any other requirements to purchase an additional franchise.

10. OTHER FEES

10.1 Royalty Fees

In addition to the Initial Franchise Fee described in Section 9 above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee pays to Franchisor a Royalty Fee of either 6% of its total Revenues (see definition of Revenue below) for the previous month or a flat $300-$500 for each calendar month (based on the chart below) whichever is greater (the "Royalty Fee"). The Royalty Fee begins immediately once the Store is open for operation then continues for the term of this Agreement. During the first partial month during which Franchisee operates the Store, the percentage Royalty Fee shall apply, but the minimum Royalty Fee shall not apply. The Royalty Fee is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section 24.8.

Month:	The Royalty Fee Will Be:
Months 1 - 24	6% of Revenues for the month or $300 (whichever is greater)
Months 25 through the remainder of your Agreement	6% of Revenues for the month or $500 (whichever is greater)

Notwithstanding the foregoing, if this Agreement is for the purchase a Franchise from an existing franchisee of ours, then you will pay the Royalty Fee provided in the selling franchisee's franchise agreement. Otherwise, you acknowledge that this Agreement may contain materially different terms and conditions from the selling franchisee's franchise agreement.

As used in this Agreement, "**Revenue**" means the gross amount, in money or other forms of consideration, that you earn or receive from any source related to, or in connection with, the operation of your franchised business. Without limiting the generality of the foregoing, this definition includes, without limitation, the following:

- all revenue accrued from the performance of services and the sale of products in, at, upon, about, through or from the Store, online or any other market place;
- all forms of consideration, including, without limitation, cash, credit (regardless of collection), payment in kind, fair market value for any service or product you receive in barter or exchange for your services, and any other type of benefit, value or remuneration that you receive (or defer to receive in the future); and
- insurance proceeds and/or condemnation awards for loss of sales, profits or business.

Notwithstanding the foregoing, "Revenue" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, gratuities paid by customers to Franchisee's employees, the amount of cash refunds to customers, customer discounts, manager-authorized and/or customer loyalty program discounts, allowances and charge-backs the Franchisee in good faith gives to customers. The sale and delivery of all Products and Services away from the Store will be included in computing Revenue. The retail value of any complimentary services or trades for products or services you provide is limited to a maximum of 2% of Revenue in the aggregate.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us a fee of 10% of the amount due, in addition to the overdue amount, plus interest on the overdue amount from the date it was due until paid at the rate of 1.5% percent per month or the maximum rate allowed by the laws of the State in which Franchisee's business is located or any successor or substitute law (referred to as the "Default Rate"), until paid in full.

10.2 System Advertising Fee

Franchisee will pay a System Advertising Fee equal to a flat $50 per calendar month starting on Franchisee's first (1st) full calendar month of Store operations and continues for the remaining term of the Agreement (including the month during which this Agreement expires upon non-renewal or is terminated or your Franchise is transferred) (the "System Advertising Fee"). The System Advertising Fee is not required during the first partial month during which you operate your Store. The System Advertising Fee can be increased by us and such increase will not exceed more than $15 per month in any calendar year. If we increase the System Advertising Fee, Franchisee will be given ninety (90) days' notice prior to such increase.

The System Advertising Fee is to be received by the Franchisor on or before the 10th day of each month for the prior month. This fee will be deposited into our System Advertising Account (the "Fund") for ongoing technology and new product development, and such national advertising or public relations programs as we, in our sole discretion, may deem appropriate to promote the mark Bricks & Minifigs™. The Fund may also be used for local Franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Stores owned or operated by Franchisor will contribute to the same basis to the fund.

We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Bricks & Minifigs franchisees in that year, and the Fund may borrow from us or others to cover deficits (if we charge interest, it will not exceed the prime rate plus 2%), or invest any surplus for future use. Any System Advertising Fees not used in the fiscal year in which they were contributed will be applied and used for advertising and marketing expenses in the following year(s).

Franchisor may disclose the identity of vendors who pay promotional allowances to Franchisor upon request and only after Franchisee's signing an appropriate non-disclosure agreement. If Franchisor requires Franchisee to buy items from a vendor who pays these allowances, Franchisor will do one of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees Franchisor receives from purchases that are not required to be made from a specified source. Franchisor is not obliged to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither the Franchisor nor any of its members has any fiduciary duty to the Franchisee regarding any System Advertising Account.

Franchisee's failure to pay required advertising contributions is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. Franchisor may delete Franchisee

from advertising or marketing without notice if Franchisee fails to timely remit its System Advertising Fee.

10.3 Local Advertising

Franchisee will spend a minimum of 4% of Franchisee's monthly Revenues each calendar month for local advertising and promotion, in addition to payment of the System Advertising Fee required above. Franchisor may reduce the amount of Franchisee's minimum local advertising requirement after Franchisee's second full year of operation, upon written approval and at Franchisor's sole discretion.

Franchisee will spend at least $5,000 on "grand opening" marketing and promotion in conjunction with the opening of your Store and in compliance with standards we may specify in the Operations Manual. Franchisee may choose to place advertisements in the yellow pages of Franchisee's local major telephone directories in the format as specified in the Operations Manual. Franchisee must provide confirmation of white page listing to Franchisor. Cost of yellow page advertising may be included as part of Franchisee's local advertising requirements as specified in Section 10 of this Agreement.

The Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising conforming to the standards and requirements of Franchisor as set forth in our Operations Manual or otherwise designated by Franchisor. All of Franchisee's advertising, including telephone, email, internet domain names, directory listings and the like are the Franchisor's property and on termination will revert to the Franchisor. Franchisee agrees to execute any and all documents needed to perfect such reversions.

You acknowledge that you will have no expectation of privacy in your Franchise business email accounts. You authorize us to access and search the franchise business email accounts and their contents, although we do not currently anticipate doing so except possibly in extreme circumstances. We will not have any obligation to monitor any of your email activity. If we do access such email accounts and their contents, then it is solely for our benefit and not for your benefit. Such access is not for the purpose of assisting you with, or supervising, your business operations or workers. You must include in your email signature in each email communication the following: "*[your corporate entity or individual name]* independently owns and operates this Bricks & Minfigs franchise." We may amend these and other email policies at any time through our Operations Manual.

Franchisee shall not advertise the Store in connection with any other business, except with Franchisor's prior written approval. Franchisee shall obtain Franchisor's prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans or the use of any such materials. This includes any Website as defined in Section 6. Franchisee shall submit such unapproved plans and materials to Franchisor (by personal delivery or through the mail, return receipt requested). Franchisee shall not use such plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans and material upon the request of Franchisor. Any plans or materials submitted by Franchisee to Franchisor, which have not been approved or disapproved in writing, within thirty (30) days of receipt, by Franchisor, shall be deemed not approved.

Franchisee will participate in at its own expense and cooperate with all advertising and promotional programs Franchisor or any advertising group of franchisees selects, including any franchise marketing council Franchisor may implement.

You must prominently display a banner that promotes the franchise opportunity on your retail sales floor as we dictate.

Franchisee is not required to follow or maintain any sales price, except that Franchisor will set minimum and maximum prices and will suggest prices, to the extent allowed by law.

10.4 Electronic Funds Transfer

Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer or other similar means utilizing a Franchisor approved computer system or otherwise. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and to perform such acts and deliver and execute such documents to authorize such method. For example, if required by Franchisor, Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest and related processing fees charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Franchise's Revenue to Franchisor (as defined in Operations Manual) for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Franchise's Revenue was provided to Franchisor as required hereunder or (b) the amount due based on information retrieved from the Franchisor's approved POS and/or computer system.

10.5 Product and Vendor Assessment Fee

Franchisee will pay an assessment fee for our approval of any product and any vendor or supplier (to the extent not then on Franchisor's list of approved products or vendors), which may also require third party testing. The assessment fee is $100 for a single product and/or vendor or supplier; and $300 for up to twenty (20) products under the same vendor or supplier that Franchisee wishes to use and/or substitute in the Store. We may waive these fees if the products, vendors or suppliers that the Franchisee selects meet our requirements and make it on our approved list of products, vendors or suppliers for all Franchise locations.

Franchisee must obtain our written approval for the use of such products, vendors or suppliers in the Franchise (Section 12.9of this Agreement). Franchisor will have thirty (30) days following the receipt of Franchisee's written request to approve or disapprove proposed products, vendors or suppliers. If Franchisor does not approve the proposed products, vendors or suppliers by written notice to Franchisee within this thirty (30) day period, all such items will be deemed disapproved. Franchisee also acknowledges that the cost for third party testing is Franchisee's responsibility.

10.6 Due Date for Ongoing Fees

The Royalty Fee, System Advertising Fee and any other ongoing fees payable to the Franchisor are due by the 10th day of each month for the preceding month, or at such other time as Franchisor may designate with reasonable advance notice in its Operations Manual.

10.7 Interest and Late Charges

A late charge will be added to any sums to be paid under this Agreement that remain unpaid after the date due. The late charge will equal **1.5%** per month. In addition, late payments will be subject to a late payment penalty of **10%** of the amount due. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments. These late charges and late payment penalties will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of late charges will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any late charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us

on the grounds of any alleged non-performance by us, or in the event of any dispute or a claim by you, or for any other reason whatsoever.

11. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. The Franchisor does not finance or guarantee the obligations of the Franchisee for a Bricks & Minifigs® Franchise. The Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section 9.3of this Agreement.

There are no waivers of defense by the Franchisee in either this Franchise Agreement or other documents evidencing obligations to the Franchisor.

12. GENERAL OBLIGATIONS OF FRANCHISEE

12.1 Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor's System and adherence to our Operations Manual (the "**Operations Manual**" or "**Manual**"), in compliance with Franchisor's standardized design and specifications for decor and uniformity of the Store are essential to the image and goodwill thereof and are material obligations of this Agreement. The Manuals contain mandatory and suggested specifications for the Store, standards and operating procedures and further define Franchisee's obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program, which Franchisor may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations and similar items. In order to further protect the System and our goodwill, Franchisee shall:

1. Build out and construct the Store in the manner prescribed by Franchisor. Franchisee will be given specifications for the layout, storage, furnishing, fixtures, signage, décor and other items necessary for the build out of the Store. Franchisee is responsible for purchasing, installing and maintaining these items;

2. Operate the Store and use the Franchisor's Manual(s) solely in the manner prescribed by Franchisor;

3. Comply with such requirements respecting any service mark, trade name, trademark, or copyright protection and name registrations as Franchisor may, from time to time, direct;

4. Follow the methods of operation, service and presentation of Products and Services so as to conform to the specifications and standards of Franchisor in effect from time to time;

5. Use only the types of Products and supplies so as to conform to Franchisor's specifications. This includes Franchisor's inventory requirements and terms of any auto-ship programs as detailed in the Operations Manual (currently not in effect) and may be revised by Franchisor, at Franchisor's sole discretion, from time to time;

6. Sell or offer from the Store any Product, Service or program as specified by Franchisor and not sell or offer any products, services or programs of any kind or character without first obtaining the express written approval of Franchisor, which shall be at the full discretion of the Franchisor who shall have the sole right of decision in regards to all products, services and programs to be sold or offered in the Franchise. Franchisee is not permitted to sell any non-LEGO® or LEGO® compatible products not approved by Franchisor. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, the request shall

be deemed denied. Franchisor shall have the right to not approve any product, service or program for any reason whatsoever or for no reason whatsoever;

7. Purchase the Products, supplies, POS systems, computers, software, cash registers, camera and security systems and signage as may be required by us, for the appropriate handling and selling of any Product and/or Service that become(s) approved for offering in the System. Franchisee must purchase such items from Franchisor, its affiliates or approved vendors. Franchisee must obtain Franchisor's prior written approval of Franchisee's supply sources for Products, supplies, POS systems, software cash registers, camera and security systems and signage Franchisee intends to use or sell to customers unless supplied by Franchisor and/or its affiliates (see, Section 12.9 of this Agreement). Franchisor shall approve or deny Franchisee's request, which approval is in Franchisor's sole discretion, within thirty (30) days of receipt of Franchisee's written request. If Franchisor fails to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will act for itself in obtaining Products, supplies, POS systems, computers, software, cash registers, signage and camera and security systems. Franchisee will repair or replace obsolete or mechanically impaired computers, POS system and camera and security systems with items that meets Franchisor's specifications;

8. Require uniform dress or identifying badges for franchise staff, conforming to such specifications as to color, design, etc. as Franchisor may designate, from time to time, to be worn by all of Franchisee's employees at all times while in attendance at the Store and/or servicing customers, and to cause all employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Operations Manual;

9. Maintain a clean and attractive appearance, give prompt, courteous and efficient service by operating the Store in strict compliance with the policies, practices and procedures contained in the Operations Manual;

10. Permit Franchisor or its agents, at any reasonable time, to enter the Store during normal business hours, for the purpose of conducting inspections, reviewing business operations and merchandising methods. This includes access to any electronic records, POS systems and computers that pertain to the operation of the Store. In addition to any other remedies it may have under this Agreement, Franchisor requires Franchisee to bear the cost of such inspections if during the review of the Store it is determined by Franchisor, in its sole discretion, that business operations fail to conform to Franchisor's standards;

11. Not install or permit to be installed anywhere on the Store premises (including on vehicles if applicable), without Franchisor's prior written consent, any signage or signage designs not previously approved as meeting our standards and specifications;

12. Identify itself as the owner of an independently owned and operated Franchise (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on vehicles, invoices, contracts, release forms, receipts and stationery, as well as at such conspicuous locations as Franchisor may designate in writing at the Bricks & Minifigs® store.

13. Comply with our standards to operate the Store at maximum capacity during the development and growth stages of the Store as recommended by us in the Operations Manual, and to comply with all applicable laws with respect to such services (described in Sections 12.6 of this Agreement);

14. Agree to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive excessive, or illegal collection techniques or other activity or sell any product which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or Franchisor, the Franchise,

or the services and products sold thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against your customers or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose and marketing strategy of the System, and therefore any change there from would fundamentally change the nature of the business;

15. Conduct any advertising, promotion and/or public relations in any medium in a dignified manner and shall conform to our standards and requirements as set forth in the Operations Manual;

16. Comply with all applicable ordinances, regulations, bylaws, laws and statutes. Franchisee will not permit unlawful activities on the premises and through the Franchise and will not sell, exchange, offer, hold, show, rent or permit to be sold, exchanged, offered, held, shown or rented any product or service Franchisee knows or reasonably suspects to have been obtained in violation of law or to be otherwise illegal;

17. Promptly pay when due all taxes, fees, debts, expenses and assessments of the franchised business, including payroll taxes. Franchisee will not permit a tax sale or seizure by levy of execution or similar writ or warrant to occur;

18. Recognize that preservation of the System and the health of the franchise network depend upon the uniformity of Products and Services offered. Franchisee agrees that Franchisor will establish, from time to time, sales pricing or suggested pricing for certain Products and Services in general and/or for promotional periods of time for any or all Bricks & Minifigs™ stores, to the extent such sales pricing or suggested pricing standards are allowed by federal and state laws;

19. Participate in market research, testing, product and service development programs, and participate in, and pay all dues assessed for, advisory councils (not currently in effect) if applicable;

20. Franchisee will be required to use and honor only system-wide gift cards, certificates and checks that we designate. All such gift cards, certificates and checks may be obtained from us or an approved supplier. We may designate a single gift card processor and system that you must exclusively use; and

21. Franchisee must accept credit and debit cards, and other payment systems and check verification services as specified by us, and which we may change from time to time. We may designate a single merchant service processor that you must exclusively use.

12.2 Operate Franchise Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by Franchisor for the operation of the Store and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Store other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Store or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor. Franchisee will not allow the franchised business to be used for any immoral, unethical, unauthorized or illegal purpose.

Franchisee must conduct all business through the Bricks & Minifigs® store unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and agree to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 2 "**Pre Existing Businesses**."

12.3 Comply with Laws

Franchisee shall comply with all federal, state and local laws, ordinances, consumer protection laws and

regulations, second hand or re-sale store laws, wage and hour laws, labor laws, workers compensation and unemployment laws, zoning laws, fire codes and building construction (including zoning classifications and clearances), dumping, hauling off, recycling and price-integrity laws and/or regulations, Equal Employment Opportunity Commission ("EEOC"), Federal Trade Commission ("FTC") and shall obtain and at all times maintain any and all governmental licenses, permits, industry specific licenses or certificates (if applicable), laws and regulations relating to occupational hazards and health such as Occupational Safety and Health Administration ("OSHA"), or that may be required for full and proper operation of the Store franchised under this Agreement in Franchisee's state of operation. In addition, with respect to all credit card transactions and customer information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card customers. Franchisor's standards may exceed any and all of the requirements of said laws. Copies of any and all notices, inspection reports or other communication from any governmental entity with respect to the conduct of a Bricks & Minifigs® business which indicates the Franchisee's failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within five (5) days of the Franchisee's receipt thereof. Franchisee agrees to indemnify us under Section 18 of this Agreement which includes any claims arising out of Franchisee's failure to perform Franchisee's obligations as described above.

It is Franchisee's sole responsibility and absolute obligation to research all applicable federal, State and local laws and regulations governing the operation of a Bricks & Minifigs® business. Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of a Bricks & Minifigs™ business and must at all times operate the Store in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). Franchisor makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise will be required for Franchisee in the Franchisee's Territory in connection with a Bricks & Minifigs® business. It is Franchisee's sole responsibility to identify and obtain all authorizations necessary for operation. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section 18 pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications".

The Bricks & Minifigs® store is designed, constructed and is to be operated in compliance with all local, state and federal laws, including (without limitation) the American with Disabilities Act ("**ADA**"). Even though Franchisor may have designed the Store space, Franchisee is responsible for compliance with all applicable federal, State and local laws and regulations concerning access by customers with disabilities. Any required modifications to the Store are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 4 before Franchisee opens the Store and to confirm and certify that the Store and any proposed renovations comply with the ADA requirements.

12.4 Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its Owners if you are an Entity, officers, directors, shareholders, partners, members, agents, or employees, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, customer lists, lists of prospective customers, marketing plans, distinctive products, purchasing strategies, merchandising methods

and techniques, inventory management systems, vendor and supplier relationships, cost and pricing strategies, promotional programs, procedures for safety and quality control, build-out specifications, décor and signage, operational procedures, customer service standards, advertising and marketing materials, bookkeeping, financing and accounting methods, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about Franchisor's services or products, including information relating to discoveries, ideas, manufacturing, purchasing, accounting, engineering, website development and design, marketing, merchandising or selling of Services and Products (collectively referred to as "**Confidential Information**" and further defined in Section 16.1 of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how", products, equipment, methods and techniques developed by Franchisor and licensed to Franchisee for the operation of a Bricks & Minifigs® store are particular to the LEGO® re-sale industry conducted by a Bricks & Minifigs™ business. Franchisee agrees to take all steps necessary, at Franchisees expense, to protect the Confidential Information and shall not release it to any person that does not have a need to know, including employees, agents and independent contractors, either during the term or after to the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation, or in any other manner the Franchisor's ownership rights to any or all of the above Confidential Information.

12.5 Maintain and Renovate Store

Franchisee shall at all times maintain the Store in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations that may be determined by Franchisor to be necessary so that the facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which may be reasonably specified by Franchisor.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Store or its fixtures, furnishings or signage does not meet our standards, Franchisee expressly agrees that we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Store and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

At our request, which shall not be made more than once every three (3) years (or as described above), Franchisee shall refurbish the Store at its expense, to conform to Franchisor's design, trade dress, color schemes, and presentation of trademarks and service marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements which shall not exceed $6,000 for each (3) year period. Franchisee shall have six (6) months after receipt of Franchisor's written notice within which to complete the refurbishing of the Store.

12.6 Maintain Competent Staff

Franchisor will create and make available to Franchisee and its Owners if you are an Entity, training programs and other selected training materials, as Franchisor deems appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Store (referred to as "**Store Manager**"). Franchisee's Store must be personally managed on a full-time basis by a Store Manager. The Store Manager must be

trained by you in compliance with standards and specifications in our Operations Manual. The Store Manager may, but need not, be you or one of the Owners of the Store. Franchisee must train a replacement Store Manager in accordance with Franchisor's training program.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire employees (referred to as "Employees") in an effort to provide service to customers according to our standards as outlined in the Operations Manual. Franchisee is solely responsible for employee's terms of employment, compensation, payroll taxes and other required withholdings, worker's compensation and benefits, and the proper training in the operation of a Bricks & Minifigs™ store. Franchisee is solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping. We shall not have the power to hire, fire, direct, supervise or discipline your employees. You will maintain employee records to show clearly that you and your employees are not our employees. You must pay special attention to federal and state wage and hour laws with respect to your employees. You must comply with all such laws and pay your employees properly.

Franchisee will indemnify Franchisor (as described in Section 18) for all claims arising out of or relating to Franchisee's Employees and Franchisee's hiring, firing and discipline decisions regarding employees and any non-compliance by Franchisee of any relevant laws.

Franchisee will require its Employees to wear uniform dress bearing the corporate trademark while working at the Store, and such shall be of such design and color as Franchisor may prescribe from time to time, as set forth in the Operations Manual.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Store. The Store must be personally managed on a full-time basis by a person who has successfully completed the mandatory training program and meets our then-current standards.

12.7 Certain Pre-Opening Conditions

Time is of the essence. The Franchisee must open a location for its Franchise by the Opening Deadline, which includes having obtained Franchisor's approval prior to opening, subject to Section 9 of this Agreement. Prior to opening, Franchisee shall complete, to Franchisor's satisfaction, all preparations of the Store, in accordance with specifications set forth in the Pre-Opening and Operations Manual, and as required by local governmental agencies, including installation of all furnishings and fixtures; the acquisition of POS systems, software, cash registers, phone systems, camera and security systems, Products, supplies and inventory, completion of training, and provision to us of all required local information, artwork and photos for the completion of the Franchisee's web page.

12.8 Operate Store in Strict Conformity to Requirements

Franchisee shall operate the Store in strict conformity with such standards, techniques, and operational procedures as Franchisor may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without Franchisor's prior written consent. Franchisee further agrees to offer its customers all Products and Services which Franchisor may, from time to time, prescribe, to offer its customers only those Products and Services which meet Franchisor's standards of quality and which Franchisor has approved in writing to be offered in connection with the Store's operations, and to discontinue offering any Products or Services which Franchisor may, in its sole discretion, disapprove in writing at any time.

Franchisee is required to use, offer and sell only approved Products and Services in the manner and style we specify, which may, from time to time, be amended or modified in writing, designated and approved by us (as described in Section 12.9). Prior to opening the Store for business, Franchisee must adequately supply its Store with an assortment of Products and while operating the Store maintain an assortment of Products as specified by us and as outlined in the Operations Manual. Additional products or services Franchisee desires to offer for sale in its Store must be authorized in writing by us. Franchisee must comply with our required procedures for purchasing Products as

we may periodically adopt and must accurately post and label the prices for all Products. Franchisee is permitted to sell Products offered in its Store on the Internet however Franchisee must adhere to our Website standards as outlined in the Operations Manual. All Products sold over the Internet must be sold and shipped directly from the Store. Except for Internet sales as described above and off-site events within its Territory (as described in Section 6), Franchisee is not permitted to offer and sell Products from any other location, in any other media or alternative channels of distribution, whether known or hereinafter invented.

Franchisee must respond promptly to all inquiries and complaints in order to achieve customer satisfaction as specified in the Operations Manual. If Franchisee does not provide customers with satisfactory service and/or fails to resolve customer complaints at the time complaint is registered (which includes accepting returns within the guidelines as Franchisor outlines in the Operations Manual) or if Franchisee violates operating standards or this Agreement, Franchisor may, in addition to its other remedies, complete the customer services and bill the Franchisee or customer for its services. Franchisee shall reimburse Franchisor for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality care and service provided by Bricks & Minifigs® store that the Franchisor may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by the Franchisor, in its sole discretion.

Franchisor may institute various programs designed to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online surveys, customer comment cards, secret shoppers or otherwise. Franchisor will share results of such programs as they pertain to Franchisee's Territory, with Franchisee and Franchisee will reimburse Franchisor for all costs associated with any and all such programs provided that Franchisee is not in compliance with this Agreement and the System.

Franchisee recognizes that one of our primary methods of communication with Franchisees is through newsletters and/or memos we may periodically publish and an intranet system we may provide to Franchisees on our website. Franchisee is responsible for knowing all of the information contained in the newsletters, memos and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of the Store through our newsletters, memos and intranet system.

Franchisee shall offer for sale, and will honor for customers, any incentive, coupon, or customer loyalty programs, which Franchisor may institute from time to time, and Franchisee shall do so in compliance with Franchisor's standards and procedures for such programs to the extent permitted by the laws of the Franchisee's state. These programs may include, without limitation, membership programs, repetitive use for service programs, co-op programs and other local and national activities. Franchisee's full and complete participation in such programs are required.

Franchisor may require Franchisee to join and participate in various industry-specific local or national associations. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for membership fees and any related costs.

Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

All advertising, promotions and public relations by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the current version of the Operations Manual. Franchisee shall have the right to sell Products and offer Services at any prices Franchisee may determine, except that Franchisor reserves the right to establish minimum and maximum prices for any given Product or Service nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees that Franchisor has the right, in its sole discretion, to establish minimum and maximum prices for any Product or Service so long as such decisions are made with the honest belief that the measure Franchisor is adopting will help everyone in the System meet competition and succeed in the marketplace, and only as such decision is consistent with federal

law and the laws of your state. Franchisee is prohibited from heavily discounting Products and Services offered for sale and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to sell or offer any Product or Service at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such Products or Services at the recommended price will enhance Franchisee's sales or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by Franchisor periodically.

12.9 Use Approved Products, Supplies, Vendors and Suppliers

Franchisee acknowledges that we have spent considerable time in developing the Products, Services, processes, methods and technology used in the operation of a Bricks & Minifigs® business. Accordingly, Franchisee acknowledges that Franchisee is required to sell and use only approved Products, supplies, vendors and suppliers that include, but is not limited to: new and used LEGO® building bricks, LEGO® mini figures and accessories, new LEGO® play sets, pre-approved non-LEGO® branded and LEGO® compatible products, apparel, LEGO® event and/or season specific merchandise, promotional and advertising materials in addition to supplies (such as packaging materials) for the operation of the Store. Franchisee is prohibited from selling any non-LEGO® branded products or LEGO® compatible products not approved by us. Franchisor will provide Franchisee with a list of all pre-approved non-LEGO® branded and LEGO® compatible products that Franchisee is authorized to offer and sell in its Store. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us, we believe that the product's price and quality will be comparable to similar products from other sources. We may take a portion of that income to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or may place them in the advertising account Fund as described in Section 10.2 of this Agreement. If we don't require the purchase, we need not place such fees in a separate account or use them on advertising. Franchisee agrees that we may periodically and upon written notice, add to, modify or change such approved Products, supplies, vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Store, all such additions, modifications and changes at Franchisees expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a Bricks & Minifigs® business with furnishing, fixtures, décor items and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section12.20 of this Agreement.

2. To insure the consistent high quality and uniformity of Products and Services provided by Bricks & Minifigs® franchised businesses, Franchisee must purchase Products, supplies, POS systems, computers, software, cash registers, camera and security systems, marketing and advertising materials for use in the operation of a Bricks & Minifigs®, from Franchisor, its affiliates or approved vendors who demonstrate to Franchisor's continuing satisfaction an ability to meet Franchisor's standards and specifications. The exception to the above is that because of the nature of the re-sale industry, most all Products that need to be purchased for the Store will be from various sources and Franchisee is responsible for identifying such sources, however Franchisor may make arrangements with vendors for certain Products at negotiated costs that would ultimately benefit the entire System. Franchisor is not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if Franchisor, its affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of Products, supplies or equipment where such items are out-of-stock or discontinued.

3. Franchisee is prohibited from carrying more than ten percent (10%) of all items offered for sale in its Store (including in its inventory of Products on the premises) to be non-LEGO® branded products (from Franchisor's approved list), at all times. Franchisor will provide Franchisee with a list of approved non-LEGO® branded products and LEGO® compatible products during the initial training program (Section 20.1). Failure of Franchisee to adhere to Franchisor's non-LEGO® branded product standard, as described above, may result in termination of this Agreement as specified in Section 23.3.

4. In approving any vendor, Franchisor may consider factors such as: quality, composition, performance, technical specifications, delivery, safety, design, durability, service maintenance programs, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by Franchisor and may be disapproved by Franchisor anytime thereafter. If Franchisee desires to purchase unapproved products, supplies or services from unapproved vendors, Franchisee must submit to Franchisor a written request for such approval. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives are permitted to inspect the facilities of the proposed vendor and that the proposed item is delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and Franchisor shall not be liable for damage to or for the return of any sample and Franchisee may be responsible for the product and vendor assessment fee as described in Section 10.5 of this Agreement. Franchisor reserves the right, at any time, to re-inspect the facilities and to retest the product of any approved vendor and to revoke any approval if the vendor fails to continue to meet Franchisor's high standards. Franchisor will provide written notice to Franchisee of any such revocation of approval.

5. Franchisee will not make any claims against us with respect to any vendor and/or related supplier for Products, computer system, POS systems, software or any other related products or supplies necessary for the operation of the Store (and/or our designation of, or our relationship with, any vendor/supplier/products). THE FRANCHISOR MAKES NO WARRANTIES REGARDING ANY VENDOR PRODUCTS OR SUPPLIES, AND HEREBY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTIBILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. FRANCHISOR MAKES NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISOR MAKES NO WARRANTIES REGARDING ANY OPEN SOURCE SOFTWARE CONTAINED IN ANY VENDOR PRODUCTS OR SUPPLIES. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT THE FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. Franchisor will use diligent efforts to assist Franchisees in resolving any disputes with vendors approved and/or designated by us.

6. Franchisee may be required to use and/or offer for sale any and all branded merchandise or Proprietary Products developed by Franchisor, which will be listed in the Operations Manual. The term "**Proprietary Products**" is defined as all products, supplies, equipment, marketing materials and BAM branded products all of which must be purchased by the Franchisee directly from Franchisor or Franchisor's approved vendors, unless the Franchisee has submitted and received written approval from Franchisor to use an alternate supplier.

7. Franchisee acknowledges that Franchisee must maintain an assortment of Products in its Store however Franchisor currently does not require Franchisee to maintain in inventory a minimum representation of Products, and if developed Proprietary Products (however retains the right to so in the future). "**Minimum Representation**" shall be defined as the continuous maintenance of an amount of Products and/or Proprietary Products meeting requirements as defined in the Operations Manual. Franchisee shall at all times comply with Franchisor's Minimum Representation requirements and the terms of any auto-ship requirements (currently Franchisor does not have any such requirements, however does require that

Franchisee purchase updates for all promotional and marketing materials when designated as mandatory by Franchisor and as specified in the Operations Manual). If we require Franchisee to carry a Minimum Representation of Products and if a particular Product does not sell well in the Franchisee's Franchise, Franchisee may request that the specific Product be removed from the required Minimum Representation list. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied.

8. Franchisee shall not make any changes to the Proprietary Products or any third party products including changing the containers, packaging, labeling, promotional materials, advertising, cartons or the like without Franchisor's or the manufacturer's prior written approval, which may be withheld in the sole discretion of the Franchisor or manufacturer.

9. Franchisee may not independently act as an exclusive distributor for any third party vendor or secure any exclusive rights to distribute Products and/or Proprietary Products inside or outside of Franchisee's Territory without Franchisor's written consent. Franchisor shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines or will result in termination of this agreement as specified in Section 23.3 of this Agreement.

10. Franchisee shall not manufacture or produce any product that is similar to, or competes with any of Franchisor's Product, Proprietary Products or third party product, or any product offered or sold in supply stores, retail stores or in any channel of distribution selling similar products without the advanced written consent of the Franchisor or manufacturer, which may be granted or denied in Franchisor's or the manufacturer's sole discretion. Violation of this Section 12.9.10 shall be grounds for immediate termination as specified in Section 23.3 of this Agreement.

11. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Bricks & Minifigs® stores with: Products (although Franchisee acknowledges that because of the nature of the re-sale industry, most all Products that need to be purchased for the Store will be from various sources and Franchisee is responsible for identifying such sources), supplies, POS systems, software, signage, camera and security systems, advertising and marketing materials and/or other products or services that Franchisor requires for use and/or sale in the development and/or operation of the Store. In this event, Franchisor may limit the number of approved vendors with whom Franchisee may deal with and designate sources that Franchisee must use for some or all such items and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System. Franchisor shall have unlimited discretion to approve or disapprove of the vendors who may be permitted to sell such items to Franchisees.

12. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all computer systems, POS system and software meeting our specifications, as we may modify them. Franchisee agrees to replace the computers and POS system at Franchisee's expense as the computers and POS system (i) become obsolete or inoperable; or (ii) if, in Franchisors sole discretion, replacement is necessary because of new functionality, change in software, change in computer servers, change in methods of service or because of health or safety considerations. Franchisee agrees to maintain all systems on-line to allow us to access system data and information. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computer systems, POS system, software, including Internet usage.

13. Franchisor cannot estimate the future costs of the computer system, POS system, software or required

service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining the software, computer system, POS system (or additions and modifications) and required service, maintenance repairs and support. Franchisor has no obligation to reimburse Franchisee for any computer system, POS system or software costs. Within sixty (60) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain any computer system, POS system, software and components that the Franchisor designates and to ensure that Franchisee's computer system, POS system and software as modified, is functioning properly.

14. Franchisee may be required to use our proprietary software for the operation of the Store (currently not in effect). If Franchisor develops proprietary software and requires Franchisee to use such software, Franchisor will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of the Store. Franchisor will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any propriety software ("**Software**"), if developed, will be subject to the following terms:

    a. Franchisee will use our Software on a computer system that: (i) meets Franchisor's computer hardware specifications; and (ii) is located at the Store or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Store and not for re-marketing or redistribution under any circumstances;

    b. Franchisee acknowledges and agrees that Franchisor will be the sole and exclusive owner of all right, title and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;

    c. Franchisee will not modify, the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops, and we will have the right to use such ideas and suggestions. The Franchisor shall own all copyrights and other intellectual property rights to all modifications and suggestions proposed by Franchisee. The term "all copyrights and other intellectual property rights shall mean all means, methods, and process, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee agrees to execute all documents that the Franchisor deems is necessary to assign all copyright and other intellectual property rights to the Franchisor. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;

    d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computer systems, POS system or any other computer system used in relation to the franchised business. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer system or POS system shall become the Franchisor's confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding the Franchisor's Confidential Information.

    e. Franchisee and Franchisee's employees will not make available the Software, or portions thereof,

to any person other than Franchisee's or our employees without prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Store; (ii) translate, reverse engineer, reverse compile, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software may result in termination of this agreement as specified in Section 23.3 of this Agreement;

f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that it will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We hereby claim and reserve all rights and benefits afforded under copyright law, trade secret law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect them against improper use, dissemination or disclosure;

g. ANY SOFTWARE SHALL BE PROVIDED ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INLCUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, IMPLIED WARRANTY OF QUALITY OF COMPUTER RPOGRAMS, IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND IMPLIED WARRANTY OF INFORMATIONAL CONTENT. ALL WARRANTIES AGAINST INFRIGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. WE MAKE NO WARRANTIES THAT THE SOFTWARE IS FREE FROM BUGS, VIRSUSES, TROJAN HORSES, OR WORMS. WE MAKE NO WARRANTY REGARDING ANY OPEN SOURCE SOFTWARE CONTAINED IN THE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately and automatically should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;

i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have not adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;

j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy

any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and

k. Franchisee must update all computer systems upon our request to optimize performance of the Software.

15. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors bugs, viruses, Trojan horses worms, loss of data, or any other occurrences relating to any computer or system hardware, POS system or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

16. Franchisor may set standards or specifications for leases, real estate, the construction and build-out of the Store; furniture, fixtures, décor items, signage and Internet or network access services, at its discretion, including its subjective determinations relating to quality, value and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of any particular Product, nor shall any provision herein imply or establish an obligation on the part of the Franchisor and its affiliates to sell Products or supplies to Franchisee if Franchisee is in arrears on any payment to Franchisor, its affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of Products, supplies, advertising and marketing materials, or other merchandise (if required), Franchisor or its affiliates shall not be obligated to sell such items to Franchisee.

12.10 Use Approved Design and Signage for Store

In operating a Bricks & Minifigs™ store, Franchisee must adhere to Franchisor signage standards, and utilize signage designs in accordance with the standards and specifications recommended by Franchisor, or that will continue to be recommended by Franchisor. Franchisee may use an approved supplier for signage, or submit an alternate supplier to Franchisor for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of the Names and Marks of Franchisor. Franchisee shall be totally responsible for obtaining and equipping the Store with the signage that is approved for use by Franchisor from time to time. The color, size, design and location of said signs shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices and décor items in the Store without our prior written consent.

12.11 Participation in the Operation of the Store

You and your Owners must use your best efforts in the operation of the Store. Franchisee may assign the supervision of the Store to an Owner or Store Manager. Franchisee agrees that the Store Manager will supervise all Employees. The Store Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

12.12 Development of Market

Franchisee shall at all times use its best efforts to promote and increase recognition of the Products and

Services offered by the Store pursuant to the System and Operations Manual, to effect the widest and best possible distribution of Products and Services from the Store and to devote its best efforts to growing the Franchise.

12.13 Maintain Regular Business Hours

Franchisee's Store must be open for business not less than eight (8) hours per day every day of the year, except Sundays and holidays (we may specifically designate such holidays in good faith in the Operations Manual), or the hours otherwise approved in writing by us or as required by the lease of the Store (if the operating hours required by your lease exceed the minimum hours we require). Sunday hours are optional and may vary depending on the demographics of the Territory or the requirements of Franchisee's lease. It is required that the Franchisee maintain a telephone answering system and monitor an e-mail address for the Store to take messages and respond to both online and on-site customers outside of regular business hours.

12.14 Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail in the operation of the Store is important to the Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Products and Services offered by the Store under the System, and to protect Franchisor's trademarks, service marks, reputation and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing customer demands. As a consequence, changes, modifications and variations to the System's standards may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation the adoption and use of new or modified trademarks, Products, Services, programs, signage, décor, furnishings, fixtures, operational methods, POS systems, computers, Software, non-proprietary software, methodologies, employee hiring guidelines and retention programs, advertising, sales and marketing strategies. Franchisee promises to promptly accept, implement, use and display in the operation of the Store, all such additions, modifications and changes at Franchisee's expense.

Franchisor will not require Franchisee to make any changes, modifications and/or variations to the System that are not required of all Franchisees (unless such change, modification or variation relates only to certain Franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); further we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisees failure to comply with modifications to the System within one hundred and twenty (120) days of such written notice is an incurable default as described in Section 23.C of this Agreement, except as allowed in Section12.5 of this Agreement.

12.15 Telephone Number of Business, Web Page and Websites

Franchisee understands and agrees that the telephone number(s), the URL address, web page and if permitted, Websites for the Store (in addition to any cell phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, web page or Websites for the Store without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s) and, permitted by Franchisor, the URL address, web page and Websites for the Store in the manner prescribed by Franchisor. As stated above, all telephone numbers, URL addresses, web page, Websites, Internet or similar connections, directory and listings for the franchised business are the Franchisor's property and upon termination will revert to the Franchisor.

12.16 Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to Franchisor all products, discoveries, concepts, methods,

techniques, processes, programs, operational procedures, inventions or ideas, whether patentable or not, relating to the System, Products, Proprietary Products, Services, Software, or Franchise, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such products, discoveries, concepts, methods, techniques, processes, programs, operational procedures, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee. The Franchisor shall own all copyrights and other intellectual property rights to all discoveries and products proposed by Franchisee. The term "all copyrights and other intellectual property rights shall mean all means, methods, and process, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee shall assign all copyrights and other intellectual property rights to the Franchisor. However as a matter of corporate policy, Franchisor may, in its sole discretion, create an incentive program to reward Franchisee, its officers, directors, managers, members, partners or shareholders for any such new product, program, discovery, concept, method, technique, process or improvement that Franchisor implements throughout the System. The Franchisee, its officers, directors, managers, members, partners or shareholders agree to execute all documents deemed reasonably necessary by the Franchisor to assign all such patent, trade secret, trademark, and copyright rights in any Franchisee discovery or idea to the Franchisor. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by Franchisees within the System will be distributed to the other Franchisees as a benefit of belonging to the System. The Franchisee agrees to execute all documents that the Franchisor deems reasonably necessary to carry out such transfer of intellectual property rights to the Franchisor.

12.17 Permit Franchisor to Enter Store

Franchisee shall permit Franchisor and its agents or representatives to enter the Store during normal business hours for the purpose of conducting inspections without notice to Franchisee and inspect the operations of the Store, review business operations and/or to remove samples of products without payment, for Franchisor review to determine if such samples meet Franchisor's then-current standards and specifications. Franchisee shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

12.18 Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general or limited partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Store and off-site events within the Territory (as described in Section 6;

2. Franchisee's Certificate of Formation, Articles/Certificates of Incorporation or Articles of Organization, Shareholders Agreement, Operating Agreement, Partnership Agreement and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Store and that the issuance, redemption, purchase for cancellation and transfer of voting stock, voting membership units or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish Franchisor promptly upon request copies of Franchisee's Articles/Certificates of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Shareholders Agreement, and other governing documents, and any other documents we

may reasonably request, and any amendments thereto, from time to time;

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock, partnership interest or membership of Franchisee and shall furnish such list to Franchisor upon request;

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) except in accordance with the provisions of Section 25 of this Agreement. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate, membership unit certificate, partnership unit certificate, or other evidence of ownership interest:

> THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH BAM FRANCHISING, INC. AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION;

5. All shareholders, managing members, general partners and owners of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section 12.18 shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "**Publicly-Held Corporation**");

6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish Franchisor with a copy of its operating agreement and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish Franchisor a copy of its shareholders agreement bylaws, and any other documents Franchisor may reasonably request, and any amendments thereto, from time to time;

7. Each individual or Entity holding a 10% or greater ownership or beneficial ownership interest in the Franchisee's business, directly or indirectly, (including each individual holding a 50% or greater interest in any partnership, limited liability company, or corporation which has a 10% or greater interest in the Franchisee's business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by Franchisor, from time to time (if such guaranty agreement is to be executed after the date of this Agreement in accordance with the terms of this Franchise Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining Franchisor's written consent in which consent shall be approved or denied within thirty (30) days of Franchisee's request.

12.19 Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining and developing a site for the Store to be established under the Franchise Agreement and for equipping the Store at such premises. A typical Bricks & Minifigs® store has approximately 1,000- 3,000 square feet of space. The space for a Bricks & Minifigs® store must be enclosed and separate from other businesses with its own locking door. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by Franchisor in

writing. On the execution of any lease for the Franchise, Franchisee will deliver to Franchisor a copy of the executed lease and an option to assume the lease executed by the lessor in favor of Franchisor in a form acceptable to Franchisor. All improvements to the Store must be approved by Franchisor.

FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A BRICKS & MINIFIGS™ FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Franchisee acknowledges that we have spent considerable amount of time choosing the creating the decoration and outfitting Bricks & Minifigs® store. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Store constitute and/or contain Confidential Information and/or Trade Secrets of ours. Franchisee agrees that the Store shall be maintained and operated as follows:

1. Franchisee will maintain the Store and every component of the furnishings, fixtures and POS systems in good order and repair at all times as specified in the Operations Manual;
2. Franchisee will keep the Store fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Store at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, colors and logos in the Store and upgrade or review the same as specified in the Operations Manual;
4. Franchisee will not alter or in any way amend the appearance of the Store, or any furnishings, fixtures or POS systems contained within the Store as specified in the Operations Manual;
5. Franchisee will maintain and upgrade the Store and all furnishings and fixtures as specified from time-to-time in the Operations Manual so as to always use our then-current specifications;
6. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Store. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Store; and
7. Franchisee may be required to use only approved service stores for repairs and maintenance of furnishing, fixtures, signage and POS systems in the Store.

Franchisee shall not execute a lease or sublease for the Store or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. Franchisee will deliver to Franchisor a copy of any lease or sublease for Franchisor's review at least thirty (30) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. Franchisee shall ensure that the lease or sublease for the Store contains, in an addendum or otherwise, the following provisions which:

1). Permit Franchisee to operate a Bricks & Minifigs® store in accordance this Agreement and the Manuals;

2) Provide that the site will be used only for the operation of a Bricks & Minifigs® store, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;

3) Require the lessor to concurrently provide us with a copy of any written notices of default to

Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;

4) Provide us with a right to take assignment and possession of the Bricks & Minifigs® store, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we'll sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we won't have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will, when you sign this Agreement, also sign the Addendum to Lease Agreement attached as Schedule 6. If Franchisee loses lease rights to the site in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;

5) Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the System, as modified from time-to-time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and Trade Dress and/or prevent/cure any default; and

6) Not contain any clause providing that if the Franchisee sells the assets of its store, or the stock/membership units/partnership units of the Store, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

12.20 Development and Construction of Store

Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of architectural and working drawings necessary to complete construction and/or build out at the approved Store. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build out of the Store which includes specifications for Store layout, storage, furnishings, fixtures, décor and signage. Franchisor must review Franchisee's architect's final plans prior to implementation. Such plans and specifications are subject to alteration as may be necessary in Franchisor's sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. Franchisor reserves the right to receive rebates, commissions or other forms of consideration from designated or approved suppliers involved in the construction or fixturing of the Store and to use such rebates, commissions or other consideration in any way Franchisor deems appropriate in Franchisor's sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

We would expect that a Bricks & Minifigs® business location would need construction improvements. Costs may vary widely depending on such factors as property location, the condition of the property and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health, sanitation, clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a material default under this Agreement and Franchisor may withhold its authorization to open the Store until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Store. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or

regulation related to health or safety, Franchisee agrees that it shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

Except as provided in Section9.1 of this Agreement, Franchisee shall construct, furnish and open the Store according to the requirements contained herein, and Franchisee shall open the Store by the Opening Deadline. Time is of the essence. Prior to opening for business, Franchisee shall provide Franchisor with evidence of lean-free completion of all work (including, without limitation, any and all mechanic leans) and to comply with all pre-opening requirements set forth in this Agreement (including without limitation those with respect to minimum expenditures on grand opening marketing and promotion), the Operations Manual, and/or elsewhere in writing by Franchisor.

Franchisee shall not open the Store until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards including, but not limited, to materials, quality of work, furnishings, fixtures, signage, decor, paint and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld. Franchisor's approval to open the Store does not constitute a waiver of Franchisor's right to require Franchisee to conform the Store to Franchisor's standards.

12.21 Training

Franchisee and its Owners if it is an Entity, shall begin the five (5) day training program required by this Agreement within 45 days of signing the Franchise Agreement. We only training the Franchisee and its Owners. You must train your managers and other employees initially and subsequently employed by you consistent with standards and specifications in our Operations Manual. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and its Owners from time to time. If Franchisee (or its Owner(s) if it is an Entity) does not successfully complete the initial training program to our satisfaction, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for the initial training program. Franchisee shall be responsible for our then-current training fee for additional training programs and all expenses incurred by Franchisee and its Owners in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

12.22 Ongoing Training and Support.

The Franchisee will have access to our personnel for questions, ongoing training and support by phone and e-mail. Franchisor will continue to consult with and advise Franchisee; provide a telephone help line, free of charge, to answer any questions from Franchisee or its staff (Section 20.1 of this Agreement); provide the Manual specifications, supplier, product, marketing and operational updates as they become available; review advertising, product and/or supplier approval requests; and administer the System Advertising Fund.

13. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

13.1 Overall Coverage Required

Before Franchisee opens a Bricks & Minifigs® Franchise, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify) and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee will procure and maintain general comprehensive liability insurance with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least $1,000,000) in addition to property and casualty insurance with a minimum policy limit of $1,000,000 or an amount specified by the Franchisor.

Franchisee must also procure and maintain "All Risks" or "Special Form" insurance (coverage for the full cost of replacement of the premises and all other property) in addition to business interruption insurance to fully insure loss of earnings for a period of one-hundred and eighty (180) days or longer as may specify and statutory workers' compensation insurance with limits of greater than $100,000 or the minimum limits required by law.

For any construction, renovation, refurbishment or remodeling of the site, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability and independent contractor's coverage) with limits of no less than $1,000,000 per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

To the extent available, Franchisor may require Franchisee to acquire automobile liability insurance (with coverage of owned an hired vehicles with minimum coverage in amounts not less than $1,000,000 combined single limit (bodily and property damage) or what is in accordance with Franchisee's state guidelines), professional liability insurance, product liability insurance, employer's liability insurance, crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each State, with policy limits of $1,000,000 or in the amount Franchisor specifies.

All insurance policies will name Franchisor as certificate holder and additional named insured with waiver of subrogation against Franchisor. Franchisor may establish minimum standards for coverage to be met by underwriters for insurance. Before beginning operations, Franchisee will obtain any other liability insurance required by law, provide Franchisor with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to Franchisor and shall, in Franchisor's sole discretion, be deemed an immediate material breach of this Agreement as set forth in Section 23.3. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance. Franchisor may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the franchised business.

Franchisee shall notify Franchisor immediately in writing of any event that could materially affect Franchisee or the franchised business, and no later than the date on which Franchisee notifies its insurance carrier.

Franchisor makes no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee acknowledges that Franchisor shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for, or with respect to, the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this agreement, Section 18. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Store is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

14. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

14.1 Bookkeeping, Accounting and Records

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis, are essential to the efficient operation of the Store. Unless the Franchisee or an Owner are professionally qualified to perform bookkeeping and accounting services, the Franchisee must hire a qualified bookkeeper who will maintain the financial records of the Franchisee, who will meet with the Franchisee as often as needed to help ensure accuracy of your financial records, and who can assist you with your annual financial statement requirements per this Agreement. The Franchisee must hire a qualified tax preparer (for example, Certified Public Accountant, tax attorney, etc.) who will prepare the Franchisee's annual tax returns related to the Franchise.

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of three (3) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by Franchisor in the Operations Manual or otherwise specified in writing however state or federal guidelines may require a longer time period. Franchisee will keep its books and records related to this business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide Franchisor all hard copy and electronic reports Franchisor prescribes. On or before the 10th day of each month or daily if Franchisor requires, Franchisee will deliver or provide electronic access to business records (Franchisor will have independent access to all information that Franchisee stores in any POS or computer system), including an itemized report of Franchisee's Revenue for the prior period on a form Franchisor prescribes, which will include payment for that periods' or months' fees due, and may include, to the extent that Franchisor requires:

1. Franchisee's payroll records, certification or records of Revenue for the month, week, day or period reported; and/or

2. Copies of any customer invoices and customer contracts with updated location information in any format Franchisor specifies;

3. Copies of all invoices for including purchases of products and supplies;

4. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);

5. Copies of all bank deposits, and bank deposit records made by the Franchisee; and

6. A complete list of all customers, their email addresses, physical addresses and telephone numbers, who have filed a complaint (internally or with third parties such as the Better Business Bureau) or sought refunds for Products or Services greater than $150 during the preceding month, by the tenth (10th) day of each month.

Franchisee acknowledges and agrees that Franchisor, at all times during and after termination, expiration or cancellation of this Agreement, has the right to access (electronically or otherwise) all Business Records of the Store. Franchisor may use, transfer, copy or analyze such Business Records as Franchisor determines in its sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, customer purchase records, consignment or trade-in arrangements, vendor records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a Bricks & Minifigs™ store, including but not limited to customers, employees, vendors and other professionals related to the

Store.

Franchisee may be required by us to obtain specified POS systems, and computers and may be required to use specific software, including, without limitation, a license to use our Software (if developed by us), or any of our vendors in accordance with Section 12.9 of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining the POS system and software and Franchisee agrees to maintain, upgrade, etc. the POS system and any additional licenses for the software at its own expense (upgrades, maintenance and support for our proprietary software (if developed) will be provided by Franchisor as described in Section 20.9). We have the right to charge a reasonable fee for any additional licenses, modification, maintenance and/or support of proprietary software that we may license to Franchisee and other products and services that we may furnish to Franchisee related to the POS and computer systems.

Franchisee will adopt a fiscal year as approved by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to Franchisor accounting, tax and other information or copies of documents, as Franchisor requests.

14.2 Franchisor's Right to Audit

Franchisor or its agents may enter the Franchisee's location to examine or audit Franchisee's business at any reasonable time without notice. Franchisor may examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, consignment and/or trade-in agreements, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns and other documents. Franchisor will bear the cost of the audit, provided however, if Franchisee fails to report as required or understates Revenue by 2% or more for any reported time period, in which case Franchisee will pay the audit costs plus interest at 18% per month for all understated Revenues or the maximum rate allowed by the laws of the State in which Franchisee's business is located as specified in the Operations Manual. Franchisee will immediately pay Franchisor all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse Franchisor for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to Franchisor. If an inspection discloses an understatement in any payment to Franchisor of 4% or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section 23.3. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

14.3 Method of Payment

All payments Franchisee makes to Franchisor will be by any method Franchisor specifies, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section 10.4 of this Agreement). All payments to Franchisor and dollar amounts stated in this agreement shall be made in United States dollars unless otherwise expressed. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to Franchisor. Franchisee is responsible for any fees associated with payment methods other than cash or check.

14.4 Submission of Financial Statements

Franchisee must provide Franchisor with a copy of Franchisee's annual financial statements including, at a minimum, a balance sheet, income statement, and statement of cash flows. Franchisee must also provide, disclosures required by accounting principles generally accepted in the United States of America related to accounts receivable,

inventory and debt, to the extent that each are applicable and material, and disclosures related to any other component(s) of the financial statements that are critical for obtaining a clear understanding of the financial statements. Such financial statements must be prepared in accordance with accounting principles generally accepted in the United States of America and must be accompanied by a Compilation Report signed by a Certified Public Accountant and must be delivered to Franchisor within ninety (90) days after Franchisee's fiscal year end. The preceding language regarding disclosures and a Compilation Report may be waived by the Franchisor. Such a waiver will apply only to the year during which the waiver was granted, and not to any future period unless an additional waiver is granted.

14.5 Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders, Franchisor's purchasers or prospective purchasers, any financial and operational information relating to Franchisee and/or the Store; however, we have no obligation to do so.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers, landlord, and creditors concerning the Store and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Store as we may request.

15. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

15.1 Names and Marks are Owned by Franchisor

Franchisor warrants with respect to the proprietary Names and Marks that:

1. Franchisor is taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of its Names and Marks; and

2. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Names and Marks. Franchisor and Franchisee shall investigate such use, applications, or registrations, if any, and Franchisor shall in its sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by Franchisor shall not constitute a ground for the termination of this Agreement. In the event Franchisor determines in its sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if Franchisor shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by Franchisor. Franchisor shall not be liable for any losses or any consequential damages, incidental damage, punitive damages, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark service mark, and/or unfair competition claim(s). The Franchisor shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.

3. Franchisor will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operating Manual as well as the Franchisor's policy statements, which underlie the goodwill associated with and symbolized by the Names and Marks.

15.2 Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Names and Marks of Franchisor that the Names and Marks are identified as being registered to or owned by Franchisor;

2. Franchisee shall use the Names and Marks only in connection with the operation of the Store and in advertising for the Store conducted at or from the Franchisee's website and accepted Store location;

3. Franchisee shall use and display, as Franchisor may require in the operation of the Store, a notice in the form approved by Franchisor indicating that Franchisee is a "Franchise" of BAM Franchising, Inc. and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and that Franchisor owns the Marks and Franchisee uses them under a license;

4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Store under the Name and Mark "Bricks & Minifigs®";

5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of Franchisor's rights and material breach of this Agreement;

6. Franchisee must obtain Franchisor's approval for any use of any item of printed material of any kind bearing any of the Names or Marks, unless Franchisor supplied the item. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of Trademark registrations and copyrights as Franchisor specifies.

7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;

8. Franchisee shall not use the Names and Marks or any part thereof or the acronym "BAM" as part of its business entity name, nor shall Franchisee use any name or trademark associated with the Lego Group of companies in its business entity name;

9. Except as provided in this Agreement, Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URL's, Websites, links, metatags, locators and search techniques;

10. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability; and

11. In the event any litigation involving Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the sole opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other interested

party in the Names or Marks. Other than what is stated in this Agreement, Franchisor is not obligated to protect Franchisee's right to use the trademarks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the trademark or to change the trademarks at Franchisee's expense. The Franchisor will control any and all such litigation, arbitration, and mediation involving the Franchisor's trademarks. The Franchisee has no authority to institute any litigation, file and arbitration, or institute any request for mediation regarding the Franchisor's trademarks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Store in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises as may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and

13. Franchisee further agrees to follow all of the Franchisor's quality standards that are inherent in the Names and Marks. Such quality standards are contained in the Operations Manual, as well as various memos or policy statements issued by the Franchisor and may be changed from time to time at the Franchisor's sole discretion.

14. The Franchisor does not own the trademarks of The Lego Group of companies and does not a have license from The Lego Group of companies to use the LEGO® trademarks.

15.3 Franchisee Will Not Challenge Franchisor's Rights in Its Use of Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, Franchisor is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Store under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. Franchisor reserves the right to substitute different Names and Marks for use in identifying the System, the Store and other franchised businesses operating there under;

7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. Franchisor cannot and does not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In

such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to Franchisor with superior rights;

8. Franchisee hereby agrees not to register or attempt to register Names and Marks in Franchisee's name or that of any other firm, person or corporation;

9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and thus Franchisor has and retains the rights, among others:

   a. To use the Names and Marks and itself in connection with offering and selling Products and Services;

   b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as Franchisor may specify and only with Franchisor's prior written consent. Franchisor retains the right to approve any linking to or other use of Franchisor's website or any other website specific to our Products and Services;

   c. To grant other franchises or licenses for the Names and Marks, in addition to those already granted to existing franchisees; and

   d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

10. Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of Products and/or Software (if developed) bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System Products and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System Product and/or Software or non-System products or software without Franchisor's written consent.

15.4 Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the Intellectual Property, the Names and Marks, all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, all employees and customer lists and all customer phone listings/addresses/URLs held by Franchisee. Provided; however that the Franchisor does not own the trademarks of the Lego Group of companies, and does not a have license from the Lego Group of companies to use the LEGO® trademarks. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchise. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's customers and employees including information we may request related to such customers and employees. The use of any or all such intellectual property shall not create in Franchisee, or its Owners, if it is an Entity, title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee, nor any of its Owners, or employees shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the Intellectual Property other than as provided for in this Agreement. Franchisee acknowledges that the Franchisor shall own all intellectual property rights to any materials provided to the Franchisee by the Franchisor, or developed by the Franchisee pursuant to this Agreement. Franchisee agrees to execute all documents deemed reasonably necessary by

the Franchisor to carry out such assignment. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights, and rights to derivative works.

16. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

16.1 Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, methods, techniques and business procedures of Franchisor that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, distinctive products, vendor and supplier relationships, promotional programs, build-out specifications, décor and signage, POS system, software, advertising and marketing materials, customer service standards and business strategies necessary for the operation of the Store and the Operations Manual. Franchisee further acknowledges that all Confidential Information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Any person or entity, which has, been or become Franchisees of the System and any investors therein;

2. Any person or entity which has, have been or becomes customers of the Bricks & Minifigs® store;

3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;

4. The operating procedures of the System, including without limitation: purchasing strategies, merchandising techniques and methods, safety procedures, usage of software, cost and pricing strategies, product knowledge and specifications, inventory management and tracking of Products and supplies, contracts, forms and waivers; bookkeeping, financing and accounting systems and procedures, advertising, promotional and marketing methods, standards for hiring staff, training procedures, the manufacturers and lists of vendors and suppliers;

5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, revenues, sales, training, profitability, earnings and losses and capital and debt structures;

6. The Products and Services offered to customers of a Bricks & Minifigs® store, including, without limitation, the scope of services performed and services refused; and

7. All documentation of the information listed in Sections 16.1.1 through 16.1.7 including, without limitation, our training program and Operations Manual. During the term of this Agreement and at any time following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Confidential Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, techniques, formulas, or the like.

16.2 Franchisee Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's employees, agents and representatives, as they must have access to it in order to operate Bricks & Minifigs® business. Franchisee must

adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees of your Franchise and any other business(es) owned by you.

The Manuals are, and remain, the exclusive property of the Franchisor. Franchisor will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic versions of the Manual) to Franchisor at the termination or expiration of this Agreement for any reason, or at any other time at Franchisor's request. The Manuals contain mandatory and suggested specifications for the Store, standards and operating procedures and further define Franchisee's other obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications, and procedures and Methods of Operation, and will lend Franchisee copies of any changes or additions. However, Franchisor will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee cannot copy any part of the Manuals (except for designated training sections), either physically or electronically. If Franchisee's copy or the Manuals are lost, destroyed or significantly damaged, Franchisee must replace the Manual at its own expense as set forth in Section 20.7.

16.3 Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with Franchisee and/or other members of Bricks & Minifigs® System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees, or allow any former franchisees to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by Franchisor or which bear any of Franchisor's Names and Marks; any other materials or publications of Franchisor, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.

2. Franchisee will not refer actual or prospective customers to any former franchisee.

3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.

4. If Franchisee observes any former franchisee using any of the Names and Marks in any way or utilizing a business facility (including any vehicles) for which the Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to Franchisor along with all details available to Franchisee.

5. Franchisee shall in general have no dealings with former franchisees which Franchisee, under this Agreement, could not have with a person who has never been a Bricks & Minifigs™ franchisee.

6. The provisions of this Section 16.3 shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:

    i. Franchisee receives a new franchisee directory in which such franchise does not appear; or

    ii. Franchise receives written notice from Franchisor that one or more particular franchise agreements have expired or been terminated.

16.4 Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section 16will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of requirements of this Section 16. The foregoing remedies shall be in addition to any other legal or equitable remedies, which Franchisor may have.

16.5 Franchisor's Patent Rights and Copyrights

Franchisor does not own rights in or to any patents that are material to the Franchise at this time. However, Franchisor claims copyright protection for the Operations Manual, Software and all promotions, marketing, sales and operations literature. Such copyright ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, Franchisor claims rights to certain trade secrets and Confidential Information as discussed above.

16.6 Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. The Franchisor's Confidential Information, trade secrets, copyrights, and patent rights are valid;

2. Franchisee shall not directly or indirectly contest the validity or the ownership of the Franchisor's Confidential Information, trade secrets, copyrights, and patents;

3. Franchisee's use of the Franchisor's Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;

4. Any goodwill arising from Franchisee's use of the Confidential Information, trade secrets, copyrights, and patents in its Store under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;

5. Franchisor reserves the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;

6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. Franchisor cannot and does not make any guaranty that any modification or discontinuation of any aspect of the System or any other System related change will not be required. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents;

7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights or patents in Franchisee's name or that of any other firm, person or corporation; and

8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others:

a. To use the trade secrets, Confidential Information, patents, and copyrights and itself in connection with offering Products and Services;

b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements;

c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and

d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products and/or equipment bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products and equipment included as part of the System.

17. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

17.1 Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify Franchisor in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Store, including, without limitation, any criminal action or other proceedings brought by Franchisee against its employees, customers or other persons. The Franchisee shall give advance written notice of Franchisee's intent to institute legal action against third parties or us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

17.2 Franchisee Must Comply with Laws

Franchisee shall, at Franchisee's sole cost and expense, comply with all federal, state and local laws, rules, regulations and ordinances (including OSHA and ADA requirements), as well as any product recalls by the United States Consumer Products safety Commission, and shall timely obtain and shall keep in force, as required throughout the term of this Agreement, all permits, certificates and licenses necessary for the full and proper conduct of the Store, including, without limitation, any required permits, licenses to do business, fictitious name registrations, re-sale permits, sales tax permits and fire clearances (as specified in Section 12.3 of this Agreement). We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with the Store and Franchisee understands and acknowledges it is Franchisee's sole responsibility to identify and obtain all authorizations necessary for the Store. Franchisee must maintain high standards of honesty, integrity, fair dealing and ethical conduct in Franchisee's business activities. Franchisee must at all times give prompt, courteous and efficient service to customers. Franchisee must notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting the Store.

In the marketing and operation of a Bricks & Minifigs® store, Franchisee will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, the Franchisee

may stay subject to the Landlord's lease, as long as the lease contains all of the terms and conditions required by this Agreement, and the Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of the Franchisor's rights or remedies under this Agreement. If the Franchisee has two or more Owners or it is an Entity, then the Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, or Shareholders Agreement and bylaws, as applicable for the Franchisor's review prior to execution.

We will provide Franchisee with templates and sample forms of marketing and operational items and it is Franchisee's responsibility to have all such items which are to be used with prospective and/or actual customers reviewed, at Franchisee's expense, by an attorney licensed to practice law in the state(s) where the Store will be located and/or operate, for compliance with all applicable state legal requirements. We make no warranty or representation that any contracts, waivers and/or other forms and/or materials, whether supplied by us or otherwise, are in compliance with the laws of any particular state(s). Prior to opening, and prior to use of any such items to be used with prospective and/or actual customers, Franchisee may be required to provide us, at its expense, with a letter from such attorney to us indicating that Franchisee has completed such review and that such items to be used with prospective and/or actual customers meet, or have been modified to comply with, all applicable state legal requirements. In addition, Franchisee may be required to provide us with final copies of any contracts, waivers and/or other forms and/or materials prior to using any such item.

17.3 Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Store. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless tax is credited against income tax otherwise payable by Franchisor.

17.4 Franchisee May Contest Tax Assessments

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

18. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or the name of any of Franchisor's officers, owners, agents, directors, shareholders or employees. Franchisee further understands and agrees that Franchisor, and its officers, owners, agents, directors, shareholders and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Store or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms "claim, loss or obligation" will include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold Franchisor and Franchisor's officers, owners, agents, directors, members, partners, shareholders and employees (collectively "**Indemnified Parties**") harmless against all fines,

suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature (collectively "**Claims**"), however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee's ownership, operation and/or management of the Store) and/or any referral, service provider, supplier or other agent/independent contractor or employee of Franchisee including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Store and infringement, violation or alleged infringement or violation of any Name, Mark, patent or copyright or any misuse of the Confidential Information. This provision includes all claims as indicated above, of Franchisor, directly against Franchisee (without a third party involvement) due to acts or omissions of Franchisee or Franchisor in which Franchisor suffers damages including but not limited to, harm to its goodwill and reputation.

Franchisee's obligation to indemnify and hold harmless the Indemnified Parties expressly extends to any Claims arising from Franchisee's use of forms, including contract forms, provided by Franchisor to Franchisee for Franchisee's use and convenience (included in the Operations Manual or otherwise). It is solely Franchisee's obligation to ensure that such forms comply with legal requirements in Franchisee's jurisdiction.

Franchisor will have the right to control all litigation, including selection and management of counsel, and defend and/or settle any claim, arbitration, against and/or including us and/or the Franchisor-related persons/entities, or affecting our and/or their interests with no obligation to you and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive this Agreement.

If it is established that both Franchisee and Franchisor were negligent or otherwise liable, then both parties will contribute to the relevant award, and the obligation to indemnify and hold harmless will be determined, based upon the adjudicated and assigned respective degree of fault. In the event of a settlement prior to adjudication, Franchisee and Franchisor will agree to degrees of fault. Franchisor and Franchisee will contribute to the relevant settlement, and the obligation to indemnify and hold harmless will be determined, based upon the agreed degree of fault.

19. MISCELLANEOUS COVENANTS OF FRANCHISEE

19.1 Covenants are Independent

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

19.2 Franchisee's Principals

The term "**Franchisee's Principals**" shall include, collectively and individually, all managing partners, general partners, LLC members, LLC managers, shareholders, officers, directors and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The term "Franchisee's Principals" also includes Franchisee's trustees, beneficiaries and independent contractors who may obtain or who are likely to obtain knowledge concerning our Confidential Information. Franchisee represents and warrants that all of Franchisee's Principals are listed on Schedule 7 of this Agreement. Franchisee's Principals (current and future) must sign the Confidentiality and Non-Compete Agreement attached as Schedule 8 of this Agreement.

19.3 Franchisee Will Not Compete Against Franchisor

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information (as defined in this Agreement) of Franchisor and the System.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a continuous uninterrupted period of three (3) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 19.3, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any business using any aspect of the System, the overall Bricks & Minifigs® business concept, with similar products and/or services of a Bricks & Minifigs® store ("Competing Business") within a twenty-five (25) mile radius of the business location designated hereunder, or within a twenty-five (25) mile radius of any other System franchisee or company-owned outlet in existence or planned as of the time of termination or expiration of this Agreement, as may be identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement. In addition, you may not directly or indirectly participate (as described above) in a Competing Business via online e-commerce or any similar medium anywhere in the world during the time frames described above.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of Franchisor's training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section 19 or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants Franchisor an option to purchase Franchisee's business on expiration or termination of this Agreement. Franchisor will exercise this option by giving thirty (30) days' written notice to Franchisee (Sections 22.3 and 22.5). On termination or expiration, Franchisee will deliver to Franchisor a list of these Assets (as described in Section 24.7) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

19.4 Exception to Covenant Not to Compete

Section 19.3 hereof shall not apply to ownership by Franchisee or any of its Owners of less than a 5% beneficial interest in the outstanding equity securities of any Publicly-Held Corporation (as defined in the subsection of this Agreement entitled "Additional Requirements for Corporate Franchisee").

19.5 Franchisee Will Not Divert Business

During the term of this Agreement and for a period of three (3) years following the expiration or termination of this Agreement, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or any customers of its Store or any other Franchisee including company-owned stores with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both.

19.6 Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which it is entitled, in order to protect its Names, Marks, Products, Services, Confidential Information, proprietary materials and rights, and goodwill, Franchisor may seek a permanent injunction and the preliminary or temporary equitable relief Franchisor deems necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that Franchisor may obtain the injunctive relief and enter it in any court or arbitration forum that Franchisor deems appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of Franchisor to avoid irreparable harm and to protect, Franchisor's Names and Marks, Products, Services, Confidential Information, programs, methods of operation, copyrighted materials, patents, trade secrets, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that Franchisor has an adequate remedy at law. Franchisee further waives any requirement that Franchisor post a bond or other security, to the extent permitted by law.

19.7 Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section 19. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Section 19.

19.8 No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 19 and there shall be no set off for your claim. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section 19.

19.9 Disclosure of Information in FDD

Franchisee must provide specific contact information which will be included in our Franchise Disclosure Document in the future, as required by various state agencies and the Federal Trade Commission and will often result in prospective franchisees contacting Franchisee. You also acknowledge and agree that we may disclose your financial performance information in our Franchise Disclosure Document and may do so with or without indicating the location to which the information relates.

20. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES

The Franchisor shall provide the Franchisee with the following assistance and services:

20.1 The Training Programs

20.1.1 Initial Training Program

Franchisor will provide the initial training program at its headquarters or another location of its choice. Despite any provision in this Agreement to the contrary, Franchisor has no obligation to provide the initial training program to Franchisee at Franchisor's expense except for the Franchisee's first franchise. Initial training will take place after Franchisee pays the initial Franchisee fee, but before Franchisee opens the franchised business. Franchisor will provide this initial training (approximately five (5)-day training program at corporate headquarters) without charge for up to three individuals, which must be your Owners, at least sixty (60) days before the date the Franchisee anticipates opening the Store. Franchisee will, however, be responsible for travel, accommodation and other costs for all its attendees. Franchisee must attend and satisfactorily complete training at least sixty (60) days before the date the Franchisee anticipates opening the Store. If Franchisee fails to complete the initial training program to Franchisor's

satisfaction, Franchisor may terminate this Agreement as described in Section 23.3. Thereafter, any Owner designated by Franchisee replacing a previously trained Owner may be trained by Franchisor (in Franchisor's discretion) within thirty (30) to ninety (90) days of replacement, at Franchisee's cost as provided below.

As part of the initial training program, Franchisor will provide Franchisee with: Product knowledge and specifications, strategies for purchasing Products, inventory management, POS system and software operations, techniques in efficiencies, operational standards, customer service, hiring guidelines and standards, safety procedures, sales and merchandising, suggested pricing for Products and Services in addition to Franchisor's proprietary Software programs as described in Section 20.9.I that may have been developed by us (or our affiliates) and required in the operation of each Store. Franchisor reserves the right, in its sole discretion, to add, modify and change such training from time to time. Franchisee will be responsible for all costs associated with the administration of such changes.

Franchisor offers training resources, such as a Pre-Opening Manual, to assist franchisees at their business location. Franchisee shall give Franchisor not less than thirty (30) days' notice of when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and Franchisor.

Franchisor will provide Franchisee with any Software, if developed. Training for the Software and all other software programs necessary to run the Store will be provided by Franchisor as part of the initial franchise training program. Franchisor may update and make changes to the Software as it deems necessary. Franchisor will also provide recommendations for other software programs necessary for the operation of the Store. All costs associated with installation, upgrading, protecting and maintaining the POS system, computers and all other software programs necessary for the operation of the Store are the sole responsibility of the Franchisee.

20.1.2 Pre-Opening Training

Franchisor will provide up to three (3) days of pre-opening and/or grand opening supervision and assistance at Franchisee's Store prior to opening. We will endeavor to complete such training within thirty (30) days after the Store opens for business and after the initial five (5)-day training has been completed to Franchisor's satisfaction. Franchisor's costs associated with this pre-opening/grand opening supervision and assistance are incurred by the Franchisor for Franchisee's first Franchise only. Franchisor will not provide this supervision and assistance at Franchisor's expense for Franchisee's second or subsequent Franchise. Additional support requested by Franchisee will be subject to the training charges as described in Section 20.1.

20.1.3 Additional Training, Assistance, and Conventions

Franchisor may reasonably require Franchisee and its Owners (and new or replacement Owners) to receive or attend and complete to Franchisor's satisfaction additional or advanced training from time to time. Franchisee may be required to pay for such training at Franchisor's reasonable then-current training fees. Franchisee must also pay travel, food, and accommodations and all other related expenses. Franchisor will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, Franchisor may provide additional training to Franchisee for Franchisee's Owners at Franchisee's request. Franchisee may be required to pay Franchisor the charges that Franchisor reasonably determines. Franchisee will be responsible for travel, room and board and other expenses of trainees.

Franchisor shall also offer additional training resources to the Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Franchise including refresher training programs, seminars, workshops, annual conference and information available through the franchise website for the benefit of the Franchisee and the Franchisee's employees. Franchisor may charge a reasonable fee for additional training if Franchisor deems appropriate (distinct from Continuing Education). Any and all travel, living, lodging and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending Franchisor's training shall be paid by Franchisee.

The Franchisor may conduct an annual conference at such place as shall be designated by it for all Franchisees but initially will most likely be the Franchisor's headquarters. A registration fee for each participant may be required, currently not to exceed $500 per person, and our expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.

Franchisor may provide Continuing Education sessions at locations designated by it but most likely at our headquarters. Continuing Education sessions may have a registration charge at franchisor's reasonable then-current fees. The Franchisee is also responsible for costs associated with attending the meetings such as travel, room and board. The programs will normally not exceed one day. The content will cover particular aspects the franchise including but not limited to new products, new services, merchandising, promotions, operational and customer service standards, POS and software developments, sales and marketing, administration and so forth. Franchisor reserves the right to increase the per day fee a reasonable amount based on reasonable criteria.

Franchisor may also offer additional training resources to the Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Store which may include certification programs, seminars, workshops, product training programs, annual convention and information available through the Franchisor's website for the benefit of the Franchisee and the Franchisee's employees. Franchisor may charge a reasonable fee for additional training if deemed appropriate. Any and all travel, living, lodging and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by the Franchisee.

Franchisor may designate Franchisee's attendance at additional training programs, conferences and Continuing Education Sessions as either mandatory or optional in Franchisor's reasonable discretion.

Franchisor will provide ongoing guidance in the operation of Franchisee's Store and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via an Internet portal, free of charge, to answer questions from Franchisee and its staff (responses to be provided as promptly as possible during regular business hours Pacific Time zone). Guidance may also be furnished in writing, telephonically, through training programs and/or on site consultations, web based computer training, among other methods. On site consultations are subject to additional training fees (as mentioned above) in addition to any and all traveling, living and/or other expenses incurred by the Franchisor and shall be paid by Franchisee.

Franchisor may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising as described in Section 12.12 of this Agreement and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section 12.12.

Franchisor may provide memos, newsletters, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on Franchisor's behalf regarding its plans, policies, developments and activities. In addition, we will provide such communication concerning new products, software, industry developments, operating procedures, training, marketing, and advertising that we feel are relevant to the operation of the Store. We may communicate with you and other franchisees by means of an Internet portal. Franchisor may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to Franchisees. The Franchisor has the power to dissolve, merge, or change such peer advisory groups.

Franchisor shall also provide guidance and specifications for the all furniture, fixtures, POS system, computers, software, camera and security systems and signage necessary to operate the Store. In addition, Franchisor shall provide guidance for establishing standardized accounting, bookkeeping, cost management and inventory tracking systems. Franchisor will provide Franchisee with all update and upgrade requirements for the POS system,

computers and related software programs in response to changes in the Operations Manual, or changes in our policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

Franchisor will provide a telephone help line, free of charge, to answer any questions from Franchisee or its staff (during regular business hours, Pacific Time zone). Franchisee will be able to send us questions and suggestions using Internet email or internal Internet portal as described above. Franchisor will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

All obligations of Franchisor under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

20.2 Web Page

Franchisor will provide to Franchisee a Bricks & Minifigs® URL (referred to as "**Web Page**") housed within the corporate website that may include interactive functionality and portals online for additional training, advertising, operational and support materials. Franchisee may customize parts of the Web Page however the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the Web Page and/or any Website promotions over the Internet must be performed by Franchisor, its affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without Franchisors prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website, regarding the Store as described in Section 6 of this Agreement. The Franchisor shall own all copyright and other intellectual property rights to the Web Page, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section 24.5. This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

20.3 Site Selection

The Franchisee has the responsibility for selecting a site for the Store. The Franchisor will review and approve or disapprove the location of the Store and will not unreasonably withhold its approval. Franchisor shall have the right, but not the obligation, to inspect the Store prior to opening.

The Franchisor does not represent that Franchisor has any special expertise in selecting sites. Franchisor approval of a site is not a representation or warranty that Bricks & Minifigs® store will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Franchisee agrees that Franchisor's approval or disapproval of a proposed site does not impose any liability on Franchisor.

Franchisor will provide guidance to Franchisee in Franchisee's efforts to obtain all licenses, permits and approvals required by governmental agencies to construct and operate the Store. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such licenses, permits and approvals and all out of pocket costs associated with obtaining and maintaining such licenses, permits and approvals as described in Section 12.3 of this Agreement.

20.4 Store Layout and Design

Franchisor will assist the Franchisee in the review of the layout and design of the Store prior to the Franchisee signing a lease or sublease. The costs of leasehold improvements, furniture, fixtures, POS system, camera and security systems, signage and décor for finishing out the Store are the responsibility of the Franchisee. The Franchisee is responsible for all lease negotiations.

Franchisor will make available, at no charge to Franchisee, and will advise Franchisee with regards to architectural plans, floor plans and mandatory specifications for the construction of a Bricks & Minifigs™ store which includes the exterior and interior design and layout that includes: storage, furnishings, fixtures, décor items and signage. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "**ADA**") or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, the standard specifications to the Store location, subject to Franchisor's approval, as provided in Section 12.20of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to Franchisor's general criteria.

Franchisee understands and acknowledges that Franchisor has the right to modify the architectural plans and specifications as Franchisor deems appropriate, periodically (however Franchisor will not modify the architectural plans and specifications for the Store developed pursuant to this Agreement once those architectural plans and specifications have been approved by Franchisor and given to Franchisee).

20.5 No Warranties Other than in Writing

With respect to any POS system, computers, software, camera and security systems, products, supplies and/or services provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability, quality of such items, accuracy of informational content, system integration and suitability for a particular purpose being expressly disclaimed. Franchisor makes no warranties regarding any open source code contained in any software that the Franchisor provides to the Franchisee. Franchisor does not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

Franchisor is not liable for any guarantee or warranty that Franchisee or any Owners, managers, agents or employees make to a customer or third party. Franchisee will fully comply with any Franchisor customer service program(s), which may relate to customer warranties, customer guaranties, return policies and related matters. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee if such program is implemented.

20.6 Operations Manuals

Franchisor will continue its efforts to improve on the methods of operations. Franchisor will lend Franchisee the confidential Pre-Opening Manual and Operations Manual for the initial Franchisee training session and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of either the Pre-Opening Manual or the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to Franchisor, Franchisee must replace the Operations Manual at its own expense.

Franchisee shall at all times treat the Operations Manual, the Pre-Opening Manual, and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a Bricks & Minifigs® store, and any supplements thereto, and the information contained therein, in trust and as Confidential Information, as well as the trade secrets of the Franchisor, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain the sole property of Franchisor and shall at all times be kept and maintained in a secure place at the Store premises.

Franchisor may from time to time revise the contents of the Operation Manual and the contents of any other manuals and materials created or approved for use in the operation of the Store, and Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard.

Any suggestions the Franchisee may have concerning the improvement of our national and/or of Franchisee Web Page, facilities, Products, Services, service format, advertising, promotional and marketing material are encouraged and shall be considered by us when adopting or modifying the standards, specifications and procedures for the System.

20.7 Selecting Vendors and Purchasing Products

Franchisor shall provide Franchisee with a list of approved vendors that may include or be limited to us or our affiliates for Products, supplies, POS systems, computers, software, camera and security systems, furnishings, fixtures, signage, proprietary products (if applicable), advertising, promotional and marketing materials and any other LEGO® related product and/or merchandise necessary for the operation of the Store. Franchisee acknowledges that because of the nature of the re-sale industry, most all Products that need to be purchased for the Store will be from various sources and Franchisee is responsible for identifying such sources, however Franchisor may make arrangements with vendors for certain Products at negotiated costs that would benefit the entire System. Franchisor will train Franchisee on strategies for purchasing Products and will provide Franchisee with recommended procedures when identifying sources to purchase Products during the initial training program. Franchisee may be required to submit in writing alternate vendors or suppliers to Franchisor for approval as described in Section 12.9of this Agreement. The Franchisee acknowledges that the Franchisor may receive royalties and/or other payments from some or all of the approved vendors.

20.8 Availability of Products and Supplies

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of Products (when applicable as described in Sections 12.9 and 20.8), supplies, POS systems, computers, software, camera and security systems, advertising, promotional and marketing materials for purchase by Franchisee. Franchisor will provide Franchisee with a list of pre-approved non-LEGO® branded and LEGO® compatible products that Franchisee is authorized to offer and sell in its Store during the initial training program. We may require that the Franchisee purchase such items from us, our affiliates or approved vendors and/or suppliers. We will provide Franchisee with a list of our approved vendors and Franchisee is responsible for acquiring such items necessary for the operation of the Store. All items that are provided by us will be competitively priced, taking into account equivalent quality and other reasonable considerations.

Franchisor reserves the right to establish lower suggested retail prices on certain Products and Services from time to time based on competition prevalent within the LEGO® re-sale industry (as further described in Section XX.K). Franchisor shall publish inventory and minimum representation requirements in the Operations Manual and such requirements may be amended from time to time by the Franchisor in the Franchisor's sole discretion.

Franchisor reserves the right to implement a centralized purchasing system for Franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion as more fully described in Section 10.2. Franchisor reserves the right to require Franchisees to purchase all Products, supplies, POS systems, computers, software, furniture, fixtures, advertising and marketing materials through Franchisor's proprietary business to business intranet portal.

20.9 Advertising and Promotion

The Franchisor shall develop and provide creative materials that could be used for local and regional advertising and make such advertising and promotional materials available to its Franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. The Franchisor will provide specific

guidelines for advertising, marketing and promotions initiated by individual Franchisees and shall reserve the right to disapprove any advertising, marketing and promotions, which, in the Franchisor's opinion, is not in accordance with these guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in the Franchisor's opinion, be detrimental to any franchisee or any part of the System or the Franchise.

20.10 Suggested Pricing for Products and Services

Franchisor will provide Franchisee with guidance and suggested pricing for Products and Services offered by its Franchisees. Franchisee shall have the right to offer Services and Products at any price Franchisee may determine, except that we reserve the right, to establish minimum and maximum pricing for any given Product or Service nationwide only to the extent allowed by federal laws and the laws of your state as explained in Section 12.8. Suggested pricing for Products and Services may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Product or Service at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such Products or Services at the recommended prices will enhance Franchisee's sales or profits.

Franchisor will provide to Franchisee a sample set of forms including policies, waivers, customer agreements, standard brochures, promotional and marketing materials in addition to various operational forms for use in the Store. Franchisor does not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws and regulations. At Franchisor's discretion, any and all forms used by Franchisee shall be subject to Franchisor's review and approval and Franchisor's decision of such approval will be provided within thirty (30) days after such forms are received by Franchisor.

Franchisor will continue to research and develop new Products, Services, POS systems and software as Franchisor deems appropriate in its sole discretion. Franchisor may conduct market research and testing to determine consumer trends and salability of new Products and Services. If Franchisor chooses Franchisee, Franchisee will participate in a market research program to test marketing new Products and Services in the Store and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products or services being tested and to effectively promote and make a good faith effort to use and/or sell them.

Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions disseminated by us periodically.

20.11 Business Planning Assistance

After Franchisee signs this Agreement, Franchisor may review and comment on any business plan and pro forma financial projections Franchisee prepares. Franchisor does not represent that Franchisor has any special expertise in reviewing or developing business plans. Franchisor's review and commentary of a business plan or financial pro forma is not a representation or warranty that the Franchisee's Store will be profitable or that Franchisee's sales, volume, or revenues will attain any pre-determined levels. Franchisee acknowledges that it is solely responsible for preparing the entire business plan and its contents, and therefore no such business plan is an earnings claim on the Franchisor's part. Franchisor's review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on Franchisor.

21. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based upon the peculiarities of a particular Store or circumstance, physical characteristics, freeway access, business potential, density

of population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchisee's business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other Franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly require the Franchisor to grant such a similar variation.

Franchisee acknowledges that when we use the phrases "**sole and absolute discretion**", "**sole discretion**" and/or "**Business Judgment**", whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other Franchisee(s). You, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in material compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

22. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISE

22.1 Relocation

Any relocation (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at your sole expense and (4) will require that you (and each Owner if an Entity) sign a general release in a form prescribed by Franchisor.

22.2 Assignment by Franchisee

Franchisee will not voluntarily or involuntarily transfer or encumber any interest in or ownership or control of Franchisee, the franchised business or this Agreement (however Franchisee is allowed to transfer up to 20% interest or ownership to a wholly owned entity as described below), except in the ordinary course, of the franchised business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Store, without Franchisor's prior written consent, which will not be unreasonably withheld. Any attempted transfer of any interest in the Store without Franchisor's prior written consent will be a default under the terms of this Agreement and will be voidable by Franchisor. In granting any such consent, the Franchisor may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with Franchisor, Franchisor's affiliates and all suppliers;

2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet the then-applicable standards of Franchisor;

3. The proposed transferee (or its owners if an Entity, and its managers, directors or officers) must not operate a franchise, license another or operate businesses offering products and services similar to those offered by a Bricks & Minifigs® store without Franchisor's permission;

4. Franchisor shall charge a transfer fee that is a flat $5,000. The transfer fee will include, but not be limited to, reasonable attorney's fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs,

telephone charges, out of pocket costs properly attributable to the transfer). In addition, if the transferee was already in Franchisor's lead database at the time of first contact between Franchisee and the transferee, the Franchisor may require Franchisee to pay the referral fee, in addition to the flat $5,000 above, then being charged by Franchisor plus the amount of any broker fees that Franchisor is responsible for paying to third parties (does not include employees of Franchisor);

5. Transferee must pay for and successfully complete the training programs then required of new Franchisees at Franchisor's then-current training fees plus Franchisor's expenses, subject to increase from time to time. Franchisor shall have the right to require transferee and its owners to execute a general release of Franchisor in a form satisfactory to Franchisor's counsel as a condition to its approval of any transfer of the Franchise;

6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;

7. Franchisee shall have executed a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement, hereinafter provided;

9. The transferee must meet Franchisor's subjective and objective standards, including all quality standards, experience, talent, skills, educational, managerial, business and financial capacity; has the aptitude and ability to operate a Bricks & Minifigs® store; and has adequate financial resources and capital to operate the Store; and must complete the training program to our satisfaction;

10. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then-current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign a standard form franchise agreement then being used by us, but, for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement. In addition to the then-current franchise agreement being used by us, the transferee shall sign all other ancillary agreements as we may require for the Store, which Agreements shall supersede this Agreement in all respects and the terms of which Agreements may differ from the terms of this Agreement, including, without limitation, a higher Franchise Fee, royalty rate, renewal rights and advertising contribution;

11. The transferee, at its expense, shall upgrade the Store to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

12. Franchisee shall remain liable for all of the obligations to us in connection with the Store incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

13. Franchisee shall agree to remain obligated under the covenants against competition of this

Agreement as if this Agreement had been terminated on the date of the transfer;

14. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;

15. Franchisee may transfer up to 20% of its rights and obligations under this Agreement to a wholly owned entity. Franchisee must promptly agree in writing to personally guarantee the obligations of the entity under this Agreement. Franchisee's transfer of an aggregate of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;

16. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Store from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

17. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;

18. Franchisee agrees that we may (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;

19. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to an approval of the terms, nor any indication as to any likelihood of success or economic viability;

20. Franchisee and its Owners and/or Principals will agree not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 19.3 of this Agreement; and

21. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Bricks & Minifigs® store that Franchisee or its Principals own and operate) identify itself or any business as a current or former Bricks & Minifigs® store or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Bricks & Minifigs® business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us as described in Sections 24.1 and 24.3 of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Stock (Membership Unit) (Partnership Unit) Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or Lender financed. In addition to all other grounds for rejection, the Franchisor has the right to reject any proposed purchase of the assets of the Franchised business or the stock, membership units, or partnership units of the Franchised business on the grounds that the proposed Franchisee has in the sole opinion of the Franchisor taken on too much debt.

22.3 Assignment by Franchisor and Right of First Refusal

Franchisor has an unrestricted right to transfer or assign any or all of its rights or obligations under this Agreement and/or any or all of its assets (including but not limited to some or all of the Names and Marks and/or other intellectual property) to any one or more transferee(s) or legal successor(s) of Franchisor in one or more

transaction(s). For example, we may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. Provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions as franchisor: (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.

We have a right of first refusal regarding any proposed transfer by Franchisee subject to this Agreement, excluding only those transfers of up to 20% interest of ownership in the Franchise to a wholly owned entity. For each non-excluded proposed transfer, during the term of this Agreement, if Franchisee, any of its Owners wish to sell or otherwise transfer an interest in this Agreement, the Bricks & Minifigs™ Franchise, or an ownership interest in Franchisee (except Franchisor's right of first refusal will not be exercised as described above), then you will comply with the requirements of Sections 22.2, 22.3, 22.5 and 22.6 of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before moving forward with any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. 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 of $5,000 (if a proposed disposition is part of a transaction involving additional Bricks & Minifigs® stores, operating under other Franchise Agreements or license agreements with us, the proposed buyer must pay Franchisee this earnest money deposit for each Bricks & Minifigs® store involved).

If we do not exercise our right of first refusal, the Franchisee or its Owners may complete the transfer to the proposed buyer on the original offer's terms, but subject to our approval of the transfer as provided in Section 22.2 above and further provided, after the transfer, the Bricks & Minifigs® store, must continue to operate as a Bricks & Minifigs® store. This means that, even if we do not exercise our right of first refusal, if the proposed transfer otherwise is not in compliance with any of the terms under Section 22.2 and Section 22.3 above, Franchisee and its Owners may not move forward with the transfer at all. If, after the transfer is determined to be valid, Franchisee no longer continues to operate a Bricks & Minifigs® store, or any other type of materially related business, then Franchisee may complete the sale (with our approval) to the proposed buyer as long as Franchisee complies with Section 22.5 of this Agreement. If the sale is not consummated, Franchisor's right shall continue as described below.

22.4 Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in a Bricks & Minifigs® store, the executor, administrator, or personal representative of that person must transfer such interest to a third party approved by Franchisor within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Franchise, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

Upon the death of the Principal, or in the event of any temporary or permanent mental or physical disability

of the Principal or an Owner, a manager shall be employed for the operation of the Franchise who has been trained by you in compliance with standards and specifications in our Operations Manual. If after the death or disability of the Principal, the Franchise is not being managed by such trained manager, Franchisor is authorized (but not required) to appoint a manager to maintain the operation of the Franchise until an approved transferee or manager will be able to assume the management and operation of the Franchise, but no such operation and management of the Franchise will continue for more than ninety (90) days without the approval of the personal representative of the Principal (renewable as necessary for up to one year) and Franchisor will periodically discuss the status of the Franchise with the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Franchise during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Franchise, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "**Management Expenses**"), shall be charged to such fund. As compensation for the management services provided, in addition to the Fees due, Franchisor shall charge such fund the full amount of the direct expenses incurred by Franchisor during such period of management for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Franchise, or to any creditor of Franchisee or the Principal during any period in which it is managed by a Franchisor-appointed manager.

Within thirty (30) days after any transfer to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify Franchisor in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer except that there will be no transfer fee.

22.5 Sale of Franchise

If Franchisee (or its Owners) desire to sell the Franchise, then within ten (10) days after receipt by Franchisee (or its heirs, estate, guardian, trustee or assigns) of a bona fide offer acceptable to Franchisee to buy the franchised business, Franchisee will notify Franchisor of the offer in writing, enclosing a signed copy of the offer. Franchisor or its assignee may then purchase (exercise its right of first refusal as described in Section 22.3) and acquire the franchised business and Franchisee's rights under this Agreement at the price and on the same terms and conditions as offered to Franchisee. Franchisor may substitute cash for any other form of consideration contained in the offer and, at Franchisor's option, may pay the entire purchase price at closing. Franchisor may exercise this right to purchase in writing within thirty (30) days after receiving Franchisee's notice.

If Franchisor does not exercise its right to purchase within thirty (30) days, Franchisee may thereafter sell the franchised business to a third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Sale is subject to Franchisor's prior written approval as specified in this Agreement. If Franchisee does not sell the franchised business to the proposed purchaser within ninety (90) days from the date it is offered to Franchisor, then Franchisee must again extend the first right of refusal to Franchisor before transfer to a third party.

To enable Franchisor to determine whether it will exercise its option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as Franchisor may require (as noted below). In the event that Franchisor elects to purchase said interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase said Interest by Franchisor. Failure of Franchisor to exercise the option afforded by this Section 22.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 22.2, with respect to a proposed transfer of any interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "**Trigger Date**"), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The

"**Preliminary Due Diligence Package**" is information and copies of documents (where applicable) that Franchisee supplies to Franchisor which consists of Franchisee's Bricks & Minifigs® financial statements (including monthly revenue information) for the preceding three (3) years, a copy of Bricks & Minifigs® current lease or sublease (if we do not already have it), information about the number and compensation of employees working at Bricks & Minifigs® store, customer records and the Franchisee's merchant account printouts for the past three (3) years, the Franchisee's bank deposits for the past three (3) years, and a description of competing LEGO® re-sale businesses and/or any other type of re-sale related businesses offering similar Products and Services operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the "**First Notice Deadline**") that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the "**Due Diligence Deadline**". If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);

2) Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes; we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination). Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;

3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and

4) Franchisor must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:

   (i) Ownership and condition of and title to ownership interests and/or;

   (ii) Liens and encumbrances relating to ownership interests and/or assets;

   (iii) Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

   (iv) All products, supplies, POS systems, computers, software and vehicles (if applicable) are in good working condition and suitable for use;

   (v) No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's business;

   (vi) There are no notices from any federal, state, or local governmental authority to make any changes to the Store or that negatively affect it;

   (vii) The Franchisee has the authority to sell the assets of its business, including a copy of all director and/or Owner resolutions;

   (viii) The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;

   (ix) There will be no material adverse change in the operation of the Franchisee's business between the Date of Signature of any Asset Purchase Agreement, and the Date of Settlement;

and

(x) The Franchisee will not enter into any transaction between the Date of Signature and the Date of Settlement other than in the ordinary course of business.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to Franchisor), Franchisor will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) 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 Franchisor's option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions of this Section 22., as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining the prior written approval of Franchisor, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither Franchisor nor its employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that Franchisor has a reasonable time to review any reference to Franchisor or its franchisees in any prospectus or offering documents before their distribution or use, (iv) pay Franchisor actual legal costs incurred for its review, (v) indemnify Franchisor, its officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as Franchisor may reasonably require and (vii) disclose the Franchisor's ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. Franchisor and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that, then applicable laws referred to in the addenda remain in effect.

22.6 Resale Assistance

Franchisee may, at any time, request Franchisor's assistance in locating a buyer for the Bricks & Minifigs® Store. Franchisor may, at Franchisor's option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. Franchisor reserves the right to charge Franchisee a fee ("**Resale Fee**") to cover Franchisor's reasonable costs and expenses (including the time committed by Franchisor's employees) incurred in providing such assistance. If Franchisor elects to assist Franchisee in finding a buyer for the Store in any way, Franchisor makes no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Store at a price acceptable to Franchisee. Franchisor reserves the right to reject any proposed sale based on Franchisor's determination, in Franchisor's sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting Franchisor's assistance Franchisee waives any liability claims it may have against Franchisor for such rejection.

23. TERMINATION OF FRANCHISE

23.1 Impact of Statutes Upon Franchise Agreement

Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on Franchisor's ability to terminate a franchise except for good cause; (2) restrictions on Franchisor's ability to deny renewal of a franchise; (3) circumstances under which Franchisor may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to

arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

23.2 Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and Franchisor or its affiliates (including failure to comply with system standards in our Operations Manual), Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

Any default for failure to pay monetary amounts must be cured within five (5) days. We may terminate this Agreement if you fail, for a period of fifteen (15) days (or such lesser period as required by applicable law) after notification of violation or non-compliance by us or any appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of a Bricks & Minifigs® store.

Franchisor may invoke its rights under this Section 23.2 if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and Franchisor (and/or their respective affiliates).

23.3 Termination of Franchise Without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and Franchisor, at its option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchisee in writing of such breach, if Franchisee or any of its Owners does any of the following:

1. Fails to open the Bricks & Minifigs® store within the time limits as provided in Section 9.1 above;

2. Attends the initial franchise training program and Franchisor determines, in its sole discretion, that the Franchisee, managing partner, or shareholder has failed the initial training program and is deemed not qualified to manage a Bricks & Minifigs® business;

3. Surrender the Store or fail to continuously and actively operate the Store for five (5) consecutive days or any period for which it would be reasonable under the facts and circumstances for us to conclude that you do not intend to continue the Franchise (unless precluded from doing so by damage to the premises of the Store due to war, act of God, civil disturbance, natural disaster, labor dispute, Franchisor's permission or other events beyond Franchisee's reasonable control);

4. Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due any financial statement, tax return or schedule or to pay when due Royalty Fees, or any other payments due Franchisor or its affiliate;

5. Operates the Store in a manner that presents an imminent safety, health or environmental hazard to customers; or violates any environmental, health, safety or sanitation law, ordinance or regulation, or operates the Store (including operating any Vehicles) in an unsafe manner and does not begin to cure

the violation immediately and to correct the violation within 72 hours after Franchisee receives notice from us or another party unless shorter period for cure provided pursuant to Section 23.2

6. Allows any business or professional license required by law to be suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;

7. Makes a material misrepresentation or omission on the application for the Franchise;

8. Transfers, assigns or sub-franchises this Agreement without having the prior written consent of Franchisor, as set forth herein;

9. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by Franchisor;

10. Engages in any other activity, which has a material adverse effect on Franchisor or the Names and Marks;

11. Makes or allows any unauthorized use or copy of our Confidential Information, Proprietary Products and/or Software (if developed) or seeks to challenge our ownership rights in the System, including our Confidential Information, Names and Marks, Proprietary Products and/or Software;

12. Engages in any activity to translate, reverse engineer, reverse compile, disassemble or create derivative works based on our Confidential Information, Proprietary Products and/or Software (if developed);

15. Manufactures or produces any product that is similar to, or competes with any of our Products, Proprietary Products or third party products offered or used in the Franchise without the advanced written consent of the Franchisor;

16. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any Products, Proprietary Products or third party products without our written consent;

17. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software or any portion thereof, or any rights therein, to any person or entity;

18. Exhibits a reckless disregard for the physical or mental well-being of employees, customers, Franchisor or its representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening or outrageous behavior as determined in our reasonable discretion;

19. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section 13 of this Agreement;

20. Is convicted of a felony or has pleaded nolo contendere to a felony, is arrested or convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged and convicted of a crime of moral turpitude;

21. Engages in unfair business practices or unethical conduct;

22. Fails to discharge within a reasonable time (as determined in Franchisor's reasonable discretion), any valid lien placed against the property of the Store;

23. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;

24. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against Franchisee, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Store, or the claims of creditors of Franchisee or the Store are abated or subject to a moratorium under any laws;

25. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;

26. If a receiver or other custodian (permanent or temporary) of the Store, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

27. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.

28. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed) or if Franchisee is dissolved or extinguished;

29. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;

30. If any real or personal property of Franchisee's Store shall be sold after levy by any sheriff, marshal, or constable;

31. If Franchisee materially violates any of the terms of Sections 16 and/or 22;

32. If Franchisee maintains false books or records, or submits any false reports to Franchisor;

33. If any inspection of Franchisee's records discloses an under-statement of payments due to Franchisor of four percent (4%) or more, two or more times in any two (2) year period; or

34. Attempts to transfer or assign the Franchise (or any portion thereof) without complying with the transfer conditions of this Agreement.

23.4 Termination by Franchisee

If Franchisor violates a material and substantial provision of the Agreement and fails to remedy or to make substantial progress toward curing the violation within thirty (30) days after receiving written notice from Franchisee detailing Franchisor's alleged default, Franchisee may terminate this Agreement if so permitted under applicable law. Any termination of this Agreement and the franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of material and substantial provision of this Agreement by Franchisor and Franchisor's failure to cure such breach or to make substantial progress toward curing such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause. On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in force and effect.

24. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

24.1 Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Products and Services associated with Franchisor and the Names and Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signage (including on vehicles if applicable), advertising materials, stationery, forms and any other articles, which display the Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, building and structures so as to effectively distinguish the surviving business entity, if any, from its former appearance as a Bricks & Minifigs® store, and from other existing Bricks & Minifigs® stores. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to the Franchisor.

24.2 Franchisee Shall Cease Operating Franchise

Franchisee shall immediately cease to operate the Store under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

Franchisee must immediately tender all new and unexpired inventories of Franchisor's Proprietary Products to Franchisor and/or Franchisor's designated affiliates or destroy, if notified by Franchisor in writing to do so, all inventory of Franchisor's Proprietary Products in a timely manner as in accordance with the terms of the Operations Manual and as specified in Section 24.7 of this Agreement.

24.3 Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

24.4 Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, listings and location contacts for the Store to Franchisor or its designee, including but not limited to authorizing all telephone, Internet, email, electronic network, directory and listing entities to effectuate the same.

24.5 Franchisee Shall Transfer or Terminate Domain Name and Websites

Upon termination or expiration of this Agreement, Franchisee agrees that, Franchisor will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of your right to use all domain names, Websites and other search engines for the Store and to authorize the above and other search engines to transfer to us or our designee all domain names, Websites and search engines associated with the Store. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, Websites and search engines related to the Store and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, Websites and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that you may, at any time, have the right to allege against them in connection with this provision.

24.6 Franchisee Must Return Operations Manuals and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Operation Manual, training materials and any other materials, which have been loaned to Franchisee by Franchisor. Franchisee further agrees to turn over to Franchisor all items containing any of the Marks, and all customer lists and contracts for the franchised business.

24.7 Franchisor May Purchase Assets

Upon termination or expiration of this Agreement, you must do some or all of the following as Franchisor may specify by written notice to you within 30 days of termination or expiration of this Agreement:

A. Remove all Franchise-related equipment, furnishings, and inventory from the Franchise location;

B. Sell the equipment and inventory to us, at fair market value for equipment and furnishings and at your invoice cost for inventory less a 10% restocking charge. We will not be liable for payment to you for intangibles, including goodwill;

C. Sell to us your interest in the Franchise, the Accepted Location (if any) and all related equipment, fixtures, signs, real estate leases, equipment leases and personal property. The parties must agree upon a purchase price and terms within 10 days after Franchisor's delivery of the 30-day written notice referenced above. If not, then a fair value and fair terms will be determined by appraisal, by a mutually acceptable appraiser. Each party will pay half for the appraiser. If the parties cannot agree upon an appraiser within 10 days, each party will select one appraiser, and the two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The appraiser(s) will value the fair market value of the assets only and must exclude from its/their decision any amount or factor for the "goodwill" or "going concern" value. The average of the three appraisals will be conclusive (if three appraisers are required). Any time within 30 days after receiving the decision of the appraiser(s), at our option we may proceed with the purchase at the price determined by the appraiser(s).

24.8 Franchisee Must Pay Monies Owed to Franchisor

Franchisee shall pay to Franchisor or its affiliates, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, System Advertising Fund contributions, other advertising fees, payments or any other sums owed to Franchisor or its affiliates by Franchisee, which are then unpaid. Franchisee shall pay to Franchisor or its affiliates all damages, costs, and expenses, including reasonable attorney's fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provisions of Sections 19 and 24.

The remainder of this Section 24.8 applies only upon termination of this Agreement by Franchisor based on a material default by Franchisee (per Sections 23.1, 23.2, or 23.3). Franchisee must pay to the Franchisor all Royalty Fee and System Advertising Fee payments that the Franchisor would have received, if this Agreement remained in effect until its scheduled expiration date (calculated as described below).

A. The Royalty Fee payment amount is based on the average Royalty Fee amount paid to the Franchisor by the Franchisee during the twelve (12) months immediately preceding the date of termination for either (1) the remaining term of this Agreement or (2) a period of three (3) years (whichever comes first). For example, if Franchisee's average Royalty Fee for the preceding 12-months was $X, and 30 months (2.5 years) remain on the term of this Agreement, then the Royalty Fee payment under this subsection (a) would be $X multiplied by 30). Whereas, if the facts from the previous example apply except that 48 months (4 years) remain on the term of this Agreement,

then the Royalty Fee payment under this subsection (a) would be $X multiplied by 36 (3 years)). These sample scenarios apply to subsection (b) below as well.

B. A System Adverting Fund contribution amount based on the average System Advertising Fund amount paid to the Franchisor by the Franchisee during the twelve (12) months immediately preceding the date of termination for either (1) the remaining term of this Agreement or (2) a period of three (3) years (whichever comes first).

Such payments shall be due to the Franchisor within fifteen (15) days after the effect Date of Termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the franchised business.

25. ENFORCEMENT

25.1 Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that Franchisee will not withhold payments of any Royalty Fees, System Advertising Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to mediation and/or arbitration as provided in this Agreement. The Franchisee has no right of offset or set off to any amounts due and owing to the Franchisor.

25.2 Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

25.3 Mediation

The parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section 25.4. Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the parties will agree to a date and/or certain event which will constitute a completion of the mediation process. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate after a request has been made, then the other party ("**Mediating Party**") shall be entitled to recover attorney's fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and cost in any arbitration or legal action between the parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. It shall be held at the same venue as for arbitration as described in Section 25.4.

25.4 Arbitration

Except as either party elects to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any

law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Utah County, Utah. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association (the "AAA") and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of the Franchisor or the Franchisee that the arbitrator shall be selected from a list of arbitrators supplied by the AAA, which arbitrator must have significant franchise legal experience to the extent possible. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on it. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the Utah Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statue, no punitive or exemplary damages shall be awarded against either the Franchisor or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally, and the prevailing party shall be entitled to their attorney fees, provided should there be no prevailing party each party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the confidential information, trade secrets, or copyrights provided by the Franchisor to the Franchisee under this Agreement.

25.5 Rights of Parties Are Cumulative

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Operations Manual.

25.6 Judicial Enforcement, Injunction and Specific Performance

Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in Section 23 of this Agreement, to collect any amounts owed to Franchisor for any unpaid Royalty Fees, or other unpaid fees or charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement.

25.7 Governing Law

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Utah, and venue for mediation, arbitration or litigation shall lie in Utah County, Utah, or in the applicable United States District Court for Utah.

25.8 Attorney Fees

In the event that either party incurs any expenses (including but not limited to reasonable attorneys' fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing party shall be entitled to recover such expenses directly from the other.

25.9 Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

25.10 There Are No Unwritten Agreements; Operation Manual(s) are Subject to Change.

This instrument contains the entire Agreement between the Parties relating to the rights herein granted and the obligations herein assumed. However, the Franchisee does not waive reliance upon any warranties or representations made to it by the Franchisor in the Franchise Disclosure Document or the Franchise Agreement. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto. The Operation Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

25.11 Entire Agreement/Integration

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except for those acts permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. The Operation Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

25.12 Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement through no fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

26. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective Parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

27. COUNTERPARTS

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

28. TIME IS OF THE ESSENCE

The parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

29. APPROVALS AND WAIVERS

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent shall be obtained in writing.

Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request thereof.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any later default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

30. AUTHORITY

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to Franchisor, both individually and in their capacities as Owners, partners, members, shareholders, directors and officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section 22.

31. REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, Franchisor's Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine Franchisor's Disclosure Document and was furnished with copies of the documents. NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.

FRANCHISEE ACKNOWLDEGES THAT FRANCHISEE AND ALL OF ITS OWNERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE AND ITS OWNERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND ITS OWNERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND ITS OWNERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVES(R)ENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE UNIFORM DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED BRICKS & MINIFIGS® FRANCHISES.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE.)

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this BAM Franchising, Inc. Franchise Agreement in duplicate on this date _____.

FRANCHISOR:

BAM Franchising, Inc.

Signed: _____

Name: _____

Title: _____

Date: _____

Address for Notices:

BAM Franchising, Inc.
Attn: Ammon McNeff, President
225 West 520 North
Orem, Utah 84057
Telephone: (888) 534-6776

FRANCHISEE:

Signed: _____

Name: _____

Date: _____

Signed: _____

Name: _____

Date: _____

Address for Notices:

_____

_____

"Accepted Location" address (once known)
Attn: _____
Telephone: _____
Fax: _____

SCHEDULE 1
BAM FRANCHISING, INC.
ACCEPTED LOCATION AND TERRITORY

Accepted Location. The Accepted Location is located at the following address:

_____.

[Alternative: If the Accepted Location has not be selected by you and approved by us at the time of signing the Franchise Agreement, then you must select the site for your Accepted Location (subject to our approval) within the Territory defined below. The above blank will be completed by Franchisor once the Accepted Location has been approved.]

Territory. *[The Territory consists of the zip codes listed below (as such zip codes are constituted as of the date of this Agreement) and as designated in the attached map. In the event of conflict, the zip codes shall control.]*

The Accepted Location and Territory must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of stores by any party and concerning any territory protections granted to you.

SCHEDULE 2
BAM FRANCHISING, INC.
PRE EXISTING BUSINESSES

1. As a condition Precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement

2. Franchisee represents and warrants to Franchisor as follows:

2.1 Individually and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as, _____ ("Pre - Existing Business").

2.2 Any and all existing franchise agreements, stockholder agreements, membership agreements, partnership agreements, option agreements, or any other agreements or third party rights relating to the Pre – Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the Owners, managers or employees of the Franchisee in the Franchise and

2.3 Other than the consents of Franchisee and Franchisor there is no other third party consent required for the acquisition of the franchise to be legally binding and effective, and

2.4 There are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents, representatives or employees that would be breached by the acquisition and operation of the obligations of Franchisee to Franchisor in the Franchise Agreement (and related agreements), and

2.5 The Pre-Existing Business provides the following goods and services to its customers at the following locations:

2.5.1 Goods and services of Pre-Existing Business(es)

_____
_____
_____

2.5.2 Location(s) of Pre-Existing Goods Business(es)

_____
_____
_____

and from the date hereof will continue to operate as [an independent organization] and

shall not carry out any other businesses directly or indirectly competing with the Franchise, and

2.6 Franchisee shall convert the Pre-Existing Business which does directly or indirectly compete with the Franchise to Franchise and shall hence forth operate that business as Franchise under the trade name "Bricks & Minifigs®" any and all existing and future business that is business carried out or to be carried out by BAM franchisees and is operated using the System or any part of the System from time to time is a Franchise that will be operated by the Franchisee, and

2.7 Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchise which later becomes a part of the Franchise shall be folded into the Franchise after notice and approval by Franchisor, and

2.8 Franchisee shall indemnify, defend and hold harmless Franchisor and its Affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE:

Signed:_____

Printed Name :_____

Title:_____

Date:_____

SCHEDULE 3
BAM FRANCHISING, INC.
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as "terrorist" is defined in U.S. Executive Order 13224 (or its successor), in any current or future U.S. government list of persons and organizations that support terrorism, or as otherwise provided by law.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, shareholders, members, partners, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or *affiliated* in any way with any terrorist and/or a suspected terrorist person and/or organization as defined above.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

FRANCHISEE:

Signed: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE 4
BAM FRANCHISING, INC.
ADA & RELATED CERTIFICATIONS

BAM Franchising, Inc. ("Franchisor") and _____ ("Franchisee") are parties to a franchise agreement dated, _____ (the "Franchise Agreement") for the operation of a Bricks & Minifigs™ Business (the "Store").

In accordance with 12.3 of the Franchise Agreement, Franchisee certifies to Franchisor that the Store and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing or operation of the Store. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to defend, hold harmless and indemnify Franchisor and each and all of the Franchisor-Related Persons/Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party (ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys' fees, related to the same.

FRANCHISEE:

Signed: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE 5
BAM FRANCHISING, INC.
FRANCHISE AGREEMENT: PERSONAL GUARANTY
(USE FOR CORPORATE, LLC, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

THIS PERSONAL GUARANTY (this "***Guaranty***") is given this _____ day of _____, 20___, by _____
_____
_____, jointly and severally (collectively, the "***Guarantors***").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (including its exhibits) of even date (the "***Agreement***") by BAM FRANCHISING, INC. (the "***Franchisor***"), with _____ a _____ corporation (the "***Franchisee***"), each of the undersigned personally and unconditionally (a) guarantees to the Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that the Franchisee will 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 and its exhibits, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including but not limited to the provisions related to confidentiality and non-disclosure of confidential information, non-competition, monetary obligations, dispute resolution, and indemnification.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right the undersigned may otherwise have to require that an action be brought against the Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) the direct and immediate liability of the undersigned under this guaranty is joint and several; (2) the undersigned will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) the liability of each of the undersigned is not contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person (including others of the undersigned); and (4) the liability of each of the undersigned will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned Guarantors further consents and agrees that:

(a) Each Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, the Franchisee and the other owners of the Franchisee.

(b) Each Guarantor will render any payment or performance required under the Franchise Agreement upon demand if the Franchisee fails or refuses punctually to do so.

(c) This Guarantee will continue unchanged by the occurrence of any bankruptcy

with respect to the Franchisee or any assignee or successor of the Franchisee or by any abandonment of the Franchise Agreement by a trustee of the Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this Guarantee nor any remedy for the enforcement of this Guarantee will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for the enforcement of this Guarantee, resulting from the operation of any present or future provision of the U.S. Bankruptcy Code or other statute, or from the decision of any court or agency.

(d) The Franchisor may proceed against one or more Guarantors and the Franchisee jointly and severally, or the Franchisor may, at its option, proceed against one or more Guarantors, without having commenced any action, or having obtained any judgment, against the Franchisee. Each Guarantor waives the defense of the statute of limitations in any action under this Guarantee or for the collection of any indebtedness or the performance of any obligation guaranteed by this Guarantee.

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this Guarantee or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

GUARANTOR(S):	PERCENTAGE OWNERSHIP IN FRANCHISEE:
Signed: _____ Print Name: _____	_____%
Signed: _____ Print Name: _____	_____%
Signed: _____ Print Name: _____	_____%

SCHEDULE 6
BAM FRANCHISING, INC.
ADDENDUM TO LEASE AGREEMENT

THIS RIDER has been entered this _____ day of _____, 20___. It is by and between _____, ("Landlord") and _____ (jointly and severally "Tenant").

RECITALS

On or about _____, 20___, Landlord and Tenant executed a lease agreement (the "Lease Agreement") by which Tenant leased from Landlord real property for Tenant's operations of a Bricks and Minifigs franchise at the following location: _____ (the "Franchise Premises").

On or about _____, 20___, Tenant and BAM FRANCHISING, INC. (the "Franchisor") executed a franchise agreement (the "Franchise Agreement") for Tenant to operate a Bricks and Minifigs franchise at the Franchise Premises.

Landlord and Tenant desire to execute this addendum to the Lease Agreement to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises**. Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of a Bricks and Minifigs facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: Bricks and Minifigs and all other marks that Franchisor has developed or develops in the future for a Bricks and Minifigs facility.

2. **Landlord Reports and Disclosures to Franchisor**. Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.

3. **Assignment to Franchisor**. Anything contained in the Lease Agreement to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease Agreement and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Landlord grants to Franchisor the right, at Franchisor's election, to receive an assignment of the Lease Agreement and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant's Franchise Agreement.

4. **Tenant's Default; Notice to Franchisor**. Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease Agreement. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within **15** business days after the expiration of the period in which Tenant had to cure

the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

BAM FRANCHISING, INC.
225 West 520 North
Orem, Utah 84057

5. **Franchise Premises De-identification**. Upon termination, expiration, or non-renewal of the Lease Agreement, Tenant may de-identify the Franchise Premises. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the cooler scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs and marks.

6. **Renewal, Extension, or Cancellation of the Lease Agreement**. Landlord will not extend, renew, or cancel the Lease Agreement without Franchisor's prior written consent, which consent will not be unreasonably withheld.

7. **Third Party Beneficiary**. Tenant and Landlord acknowledge and agree that Franchisor is a third party beneficiary of this Lease Agreement Rider, and Franchisor is entitled to all rights and remedies conferred upon Franchisor under this Lease Agreement Rider (which Franchisor may enforce directly against Tenant or Landlord, with or without the consent or joinder of Tenant). Notwithstanding anything contained in this Lease Agreement Rider, Franchisor will have no liability under the Lease or this Lease Agreement Rider unless Franchisor expressly enters into a written agreement with Landlord.

8. **Signatures**.

IN WITNESS, the parties have executed this Lease Agreement Rider on the day and year first above written.

("Landlord"): _____

By: _____
Title: _____

("Tenant"): _____

By: _____
Title: _____

SCHEDULE 7
BAM FRANCHISING, INC.
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

A. The following is a list of all managing partners, partners, LLC members, LLC managers, shareholders or other Owners or investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

Name	Percentage of Ownership/Nature of Interest

B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to 19.2 of the Franchise Agreement. Each of Franchisee's Principals (current and future) shall also execute the Confidentiality and Non-Competition Agreement in the form set forth in Schedule 8.

Name	Position with Franchisee

SCHEDULE 8

BAM FRANCHISING, INC.

CONFIDENTALITY AND NON-COMPETE AGREEMENT

(AS REFERENCED IN SECTION 19.2 OF THE FRANCHISE AGREEMENT)

This Agreement is made and entered into _____, 20___, between BAM Franchising, Inc. (hereinafter referred to as "Franchisor"), and _____ and _____, an individual [individuals] (hereinafter referred to as "You") and _____, a _____ [type of entity] formed in the State of _____ (the "Franchisee").

RECITALS:

WHEREAS, Franchisor has acquired the right to develop a unique system (the "System") for the development and operation of businesses under the name and mark "Bricks & Minifigs®" ("Store"); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Bricks & Minifigs™ and such other trade names, service marks, and trademarks as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service standards; build out specifications, distinctive signage, exterior and interior design, décor and color scheme; distinctive products, purchasing strategies, merchandising methods and techniques, inventory management systems, vendor and supplier relationships, cost and pricing strategies, promotional programs, procedures for safety and quality control, operational procedures, customer service standards, advertising and marketing materials, bookkeeping, financing and accounting methods all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in the operation of the System ("Trade Secrets"); and

WHERAS, the Trade Secrets provide economic advantages to Franchisor and are not generally known to and are not readily ascertainable by proper means by Franchisor competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Franchisee a limited right to manage and participate in the operation of a Store using the System and the Trade Secrets for the period defined in the Franchise Agreement made and entered into contemporaneously with this Agreement ("Franchise Agreement") between Franchisee and Franchisor; and

WHEREAS, Franchisee and Franchisor have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain of Franchisee's owners, partners, shareholders, officers,

directors and possibly certain others to have access to and to use some or all of the Trade Secrets in the management and operation of the Store using the System; and

WHEREAS, Franchisee has agreed to obtain from its owners, partners, shareholders, officers, directors and certain others written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Franchisee will receive and use the Trade Secrets in the course of operating the Store;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisor shall disclose to you some or all of the Trade Secrets relating to the System.

2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation of the Store using the System for so long as you are affiliated with the Franchisee and the Franchisee is licensed by Franchisor to use the System.

3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to Franchisee's staff members and then only to the limited extent necessary to train or assist such staff members in the management or operation of the Store using the System.

5. That all information and materials, including without limitation, build out drawings, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.

6. You shall surrender the confidential Franchise Operations and Procedures Manual and such other manuals and written materials as Franchisor shall have developed ("Manuals") described in the Franchise Agreement and any other material containing some or all of the Trade Secrets to Franchisor or Franchisee, upon request, or upon termination of your relationship with the Franchisee, or upon conclusion of the use for which the Manuals or other information or material may have been furnished to you.

7. You shall not, directly or indirectly, commit any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System, or the Names and Marks.

8. The Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

9. In further consideration for the disclosure to you of the Trade Secrets and to protect the uniqueness of the System, you agree that for three (3) years following the earlier of cessation of your relationship with the Franchisee, or the expiration, termination or transfer of all of Franchisee's interest in the

Franchise Agreement, you will not, without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Store to any competitor.

b. Directly or indirectly, for yourself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same as or similar to the Store including, but not limited to, any other re-sale business offering products and services that are similar to the Products or Services offered by a Bricks & Minifigs® franchised or company-owned store ("Competing Business") which business is, or is intended to be, located within a 25-mile radius of the Accepted Location or of any franchised or company-owned Bricks & Minifigs® location in existence or under construction as of the earlier of: (i) the expiration or termination of, or the transfer of all or Franchisee's interest in, the Franchise Agreement; or (ii) the time you cease to be retained/contracted/affiliated by/with Franchisee, as applicable. In addition, you may not directly or indirectly participate (as described above) in a Competing Business via online e-commerce or any similar medium anywhere in the world during the time frames described above.

10. You undertake to use your best efforts to ensure that Franchisee's staff acts as required by this Agreement.

11. You agree that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by Franchisor or Franchisee in enforcing this Agreement.

13. Any failure by Franchisor or Franchisee to object or to take action with respect to any breach of this Agreement by you shall not operate or be construed as a waiver of or consent to that breach or any later breach by you.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF UTAH. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN UTAH IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, FRANCHISEE OR FRANCHISOR MAY BRING SUCH ACTION AGAINST YOU IN ANY COURT IN THE STATE

WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

15. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which Franchisor is a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the Parties regarding the specific subject matter herein. This Agreement may be modified only by a duly authorized amendment executed by all parties.

17. All notices and demands required to be given herein shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

If directed to Franchisor, the notice shall be addressed to:

BAM Franchising, Inc.
Attention: Ammon McNeff, President
225 West 520 North
Orem, UT 84057
Facsimile: (888) 801-6454
Telephone: (888) 534-6776
If directed to you, the notice shall be addressed to:

"Accepted Location" address

Attention: _____
Facsimile: _____
Telephone: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effective by giving fifteen (15) days written notice of such change to the other party.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable

and shall inure to the benefit of its successors, assignees and transferees. Your obligations herein are personal in nature and may not be assigned by you.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

BAM Franchising, Inc.:

Printed Name: _____

Signature: _____

Title: _____

Franchisee:

Printed Name: _____

Signature: _____

Title: _____

You:

Printed Name: _____
an individual

Signature: _____

SCHEDULE 9
BAM FRANCHISING, INC.
MULTIPLE FRANCHISE PURCHASE ADDENDUM

This Multiple Franchise Purchase Addendum ("***Addendum***") is entered into as of _____, 20___, between BAM FRANCHISING, INC. ("***we/us***"), and _____ and _____ ("***you***").

1. **Simultaneous Multiple Franchise Purchase.** The parties have contemporaneously executed ***[#]*** Franchise Agreements, including this Agreement, as part of a multiple franchise purchase.

2. **Development Area.** If the Accepted Location has not been determined when this Agreement is executed, you are responsible for selecting the site for your Accepted Location within the following "***Development Area***":

_____

_____

_____

_____

Despite any provision in the Franchise Agreement or its Exhibits to the contrary, upon the opening of your last Franchise, or upon the deadline for opening your last Franchise, under your Development Schedule (defined below), your rights with respect to the Development Area will automatically terminate. Thereafter, we and our affiliates will have the right operate or grant to others the right to operate Bricks & Minfigs stores within the Development Area. However, your Protected Territory (as defined in the Franchise Agreement) for each operating Franchise will remain in force.

3. **Accepted Location and Franchise Territory.** The Franchise Territory for each franchise will be designated by us before you open each relevant Accepted Location. The Franchise Territory and your Accepted Location must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

4. **No Other Understandings.** Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of restaurants by any party and concerning any territory protections granted to you.

5. **Franchise Opening Schedule.** You will commence in good faith to perform your obligations under the relevant franchise agreements and commence full and continuous operation

of the relevant Franchise within the following time periods after execution of this Agreement (the "***Development Schedule***"):

END OF DEVELOPMENT PERIOD	NEW STORES TO BE OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF STORES TO BE OPENED AND CONTINUOUSLY OPERATED
First Franchise: Within 6 Months of Franchise Agreement Effective Date	1	1
Second Franchise: Earlier of *[12] [#]* Months After Opening First Franchise or *[12][#]* Months After Deadline for Opening First Franchise	1	2
Third Franchise: Earlier of *[12][#]* Months After Opening Second Franchise or *[12][#]* Months After Deadline for Opening Second Franchise	1	3

Time is of the essence of this Development Schedule.

In the event that you do not comply with the above Franchise opening and continuous operation requirements, we will have the right to terminate any of your franchise agreements representing franchises that have not yet opened for business. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control (not including financial circumstances) will be excused for a period of time that we deem reasonable under the circumstances.

6. **Payment of Initial Franchise Fees**. The Initial Franchise Fees for the Franchises purchased simultaneously under this Addendum are as follows:

_____.

You shall pay ***[100%][___%]*** of the initial franchise fees under the relevant franchise agreements at the time you contemporaneously sign such franchise agreements. If applicable, you will pay the unpaid balance of the initial franchise fees under the relevant franchise agreements before the opening of each relevant Accepted Location. The initial franchise fees we actually collect are not refundable under any circumstances.

7. **Training for First Franchise.** We will have no obligation to provide franchise training to you at our expense except for the first Franchise you open.

8. **Defined Terms.** All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

DATED this _____ day of _____, 20__.

("we/us"): **BAM FRANCHISING, INC.**

By: _____

Print Name: _____

Title: _____

(jointly and severally "you"):

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

SCHEDULE 10
BAM FRANCHISING, INC.
SBA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum is for use only with franchisees that are getting Small Business Administration (SBA) lender financing.

This Addendum is subject to change based on requirements that the SBA may impose.

[SEE THE FOLLOWING PAGES.]

SBA ADDENDUM
TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20__, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration (SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of any approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or

[1] [1]While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provide to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remain in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. § § 3729-3733.

Authorized Representative of FRANCHISOR:

By:_____

Print Name:_____

Title:_____

Authorized Representative of FRANCHISEE:

By:_____

Print Name:_____

Title:_____

Note to Parties: This Addendum only address "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirement.

EXHIBIT B

DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS

EXHIBIT B

DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

The following table reflects our Agents for Service of Process and the Relevant State Franchise Authorities. We may not be registered to offer and sell franchises in all of these states:

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Business Oversight: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 San Diego: 1350 Front Street San Diego, CA 92101-3697 (619) 525-4233 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94105-2980 Toll-Free Number: 1-866-275-2677	Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
NEW YORK	Secretary of State of the State of New York 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8236
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Federal Trade Commission 600 Pennsylvania Avenue, NW Washington, DC 20580 (202) 326-2222

CANADA

Director of Franchises
Alberta Securities Commission Agency
21st Floor
10025 Jasper Avenue
Edmonton, Alberta T5J 3Z5

Director of Franchises
New Brunswick Securities Commission
Suite 300
85 Charlotte Street
Saint John, New Brunswick 32L 2J2
(506) 658-3060

Director of Franchises
Ontario Securities Commission
Suite 1903
20 Queen Street, West
Toronto, Ontario MSH 3S8
(416) 593-8314

Office of the Attorney General
Consumer, Corporate, and Insurance Division
PEI Securities Office
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
(902) 368-4569

EXHIBIT C

DISCLOSURE ACKNOWLEDGMENT AND AGREEMENT

EXHIBIT C

DISCLOSURE ACKNOWLEDGMENT AND AGREEMENT

1. **BAM FRANCHISING, INC.** ("***Franchisor***" and "***we/us***") through the use of this document, desires to ascertain that _____ and your owners and officers (collectively "***You***") fully understand and comprehend that the purchase of a Bricks and Minifigs franchise is a business decision, complete with its associated risks. It is our company policy to verify that you are not relying upon any statements, representations, promises, or assurances (oral, visual, written, or otherwise) during the negotiations for the purchase of the franchise that have not been authorized by us.

2. You recognize that business risks, which exist in connection with the purchase of any business, make the success or failure of a Bricks and Minifigs franchise subject to many variables, including your skills and abilities, the hours you work, competition, interest rates, the economy, inflation, store location, operating costs, lease terms and costs, and the market place. You acknowledge your willingness to undertake these business risks.

3. You acknowledge that you received a copy of our Franchise Disclosure Document, which includes a copy of the form of Franchise Agreement and audited financials of BAM FRANCHISING, INC. You acknowledge that you have personally and carefully reviewed all of this document.

4. You acknowledge that we have advised you to seek professional assistance, to have professionals review the documents, and to have them consult with you regarding the risks associated with the purchase of the franchise.

5. You represent to us that your decision to enter into this business risk is in no manner predicated upon any representations, assurances, warranties, guarantees, or promises made by us or our representatives that are not set forth in our Franchise Disclosure Document or Franchise Agreement, such as representations as to the likelihood of success of the franchise. You further acknowledge that you have not received any information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings except for those set forth in our Franchise Disclosure Document. If you believe that you have received any information concerning actual, average, projected, or forecasted franchise sales profits or earnings other than as set forth in our Franchise Disclosure Document, please describe these in the space provided below or write "None."

_____

_____

_____

Acknowledged and accepted on the following date: _____

FRANCHISEE:

Signed: _____

Printed Name: _____

Title: _____

Date: _____

OWNERS:

Signed: _____

Printed Name: _____

Date: _____

Signed: _____

Printed Name: _____

Date: _____

EXHIBIT D

STATE LAW ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

EXHIBIT D

STATE LAW ADDENDA
TO
FRANCHISE DISCLOSURE DOCUMENT
AND
FRANCHISE AGREEMENT

California

Add to the Disclosure Document item 3, litigation, ¶ (c), that neither FRANCHISOR nor any of the persons affiliated with FRANCHISOR set forth in Section 2 of the Disclosure Document are subject to any currently effective order of any National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78, et seq. suspending or expelling such persons from membership in such association or exchange.

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

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

The Franchise Agreement requires application of the law of Utah. The Franchise Agreement currently restricts venue for arbitration and mediation to Utah since it is the Franchisor's headquarter (but could change) which might not be favorable if your location or you reside in a different state.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document.

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31 000 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).

The Franchise Agreement requires litigation to be conducted in Utah but could change. Requirements of litigation in jurisdiction other than where your franchise is located or where you reside may not be enforceable. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

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

Item 5 of the Disclosure Document is amended to include the following language:

"If Franchisor sells a multiple unit or other discounted franchise fee in California, it will comply with California Franchise Rule 310.100.2 regarding negotiated sales, to the extent applicable." The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 -20043).

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

The franchise agreement requires binding arbitration. The arbitration will occur in Utah County, Utah with the costs being borne by the prevailing party.

OUR URL IS: www.BricksandMinifigs.com OUR WEBSITE 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

Despite any provision in the Franchise Agreement to the contrary, the current maximum rate of interest in California is 10% per year.

State Cover Page Risk Factors: WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR "BRICKS & MINIFIGS" STANDARD CHARACTER MARK. THEREFORE, OUR TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

YOU MUST MAKE MINIMUM ROYALTY AND SYSTEM ADVERTISING PAYMENTS REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

Georgia

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia 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, for any reason, any provision set forth in the Franchise Agreement (including those related to in-term and post-term covenants against competition and non-disclosure and non-use of confidential information) exceeds any lawful scope or limit as to duration, geographic coverage, specificity, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. Indeed, the parties acknowledge their desire and intent that such provisions be modified by a court or arbitrator to comply with Georgia law if needed. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

Idaho

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

Illinois

Illinois law shall apply to and govern the Franchise Agreement.

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

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

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

Maryland

The Disclosure Document (Item 17) and Franchise Agreement are amended to include that any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, relocation, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Sections 7.2, 22.1 and 22.2 to the Franchise Agreement are amended to the extent required by Maryland law.

Provisions in the Disclosure Document (Item 17) and Franchise Agreement requiring franchisee to file any lawsuit in a court in the State of Utah may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. The Disclosure Document (Item 17) and Franchise Agreement are amended accordingly, to the extent required by Maryland law.

Any provisions in the Disclosure Document (including Items 5, 11, 17 and 22) and Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise shall not apply under the Maryland Franchise Registration and Disclosure Law and are amended to the extent required by Maryland law.

Michigan

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are included in these franchise documents, the provisions are void for Michigan franchisees and cannot be enforced against Michigan franchisees. These provisions are:

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise investment law. This will 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 will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market

value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:

(i) The term of the franchise is less than 5 years, and

(ii) The franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least six months' advance notice of the 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 will 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 will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any breach 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 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 the franchisee's 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. A franchisor whose most recent financial statements are unaudited and show a net worth of less than $100,000 will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of the escrow. Any questions regarding this notice should be directed to the Department of the Michigan Attorney General, 6520 Mercantile Way, Suite 3, Lansing, Michigan 48913; (517) 373-3800.

The name and address of the franchisor's agent in Michigan authorized to receive service of process is:

Michigan Department of Commerce
Corporation and Securities Bureau
Office of Franchise and Agent Licensing
6546 Mercantile Way
P. O. Box 30222
Lansing, Michigan 48910

Minnesota

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

All statements in the Disclosure Document and Franchise Agreement that state that franchisor is

entitled to injunctive relief are amended to read "franchisor may seek injunctive relief"; and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the franchisor from requiring a franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

Pursuant to Minn. Stat. Sec. 80C.12, Subdivision 1(g), to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Franchisor's primary trade name.

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific 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.

New York

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

> **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

> Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:
>
> A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
>
> B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

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

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

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

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

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

5. The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w), titled **"Choice of law"**:

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

North Carolina

FDD Cover Page

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 (or franchise). 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.

North Dakota

The Disclosure Document and Franchise Agreement provide for arbitration and mediation of disputes to be held in Utah County, Utah. These provisions may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement relating to jurisdiction of courts in Utah County, Utah, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring franchisee to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and agreement stipulating that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Provisions of the Disclosure Document and Franchise Agreement that require the franchisee to consent to termination or liquidated damages (if applicable) have been determined by the North Dakota Securities Commissioner to be unfair, unjust and inequitable within the intent of Section 15-19-09 of the North Dakota Franchise Investment Law and therefor are not enforceable in North Dakota. They are by this reference deleted from the Disclosure Document and Franchise Agreement.

Covenants not to compete such as those contained in the Franchise Agreement may not be unenforceable in the State of North Dakota.

The governing law or choice of law clauses in Item 17w of the Disclosure Document and Section 25 of the Franchise Agreement granting authority to a state other than North Dakota may not be enforceable and are amended accordingly to the extent required by North Dakota franchise law.

Disclosure Document Item 5 and Franchise Agreement Section 9: All Initial Franchise Fees will be due and payable only after the Franchisor has fulfilled all initial obligations owed to the Franchisee under the Franchise Agreement or other documents and the Franchisee has commenced doing business pursuant to the Franchise Agreement.

Rhode Island

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

South Dakota

Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards and failure to make royalty payments contained in the Disclosure Document or Franchise Agreement must give a franchisee thirty (30) days' written notice with an opportunity to cure the default prior to termination.

Post-termination covenants not to compete may be unenforceable under South Dakota law. Sections of the Disclosure Document and Franchise Agreement containing post-termination covenants not to compete are amended to the extent required by South Dakota law.

Sections of the Disclosure Document and Franchise Agreement requiring mediation or arbitration of disputes to be held in Utah County, Utah may not be enforceable and are amended accordingly to the extent required by South Dakota franchise law.

Sections of the Disclosure Document and Franchise Agreement requiring jurisdiction or venue in Utah County, Utah may not be enforceable and are amended accordingly to the extent required by South Dakota law.

Any provisions contained in the Disclosure Document and the Franchise Agreement that provide that the parties' waive their right to claim punitive, exemplary, incidental, indirect, or consequential damages or any provisions that provide that the parties' waive their right to a jury trial, may not be enforceable and are amended to the extent required by South Dakota franchise law.

The governing law or choice of law clauses described in the Disclosure Document and contained in the Franchise Agreement granting authority to a state other than South Dakota, may not be enforceable and are amended accordingly to the extent required by South Dakota franchise law.

Washington

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Wisconsin

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

> The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. Item 17 of the Disclosure Document and the corresponding section of the Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, the Wisconsin Fair Dealership Law. SEC 32.06(3), Wis. Adm. Code.

Acknowledgment

The franchisee acknowledges receipt of this Addendum.

It is agreed that the applicable foregoing state law addendum for the State of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) ("FA") of this same date, and of the Franchise Disclosure Document ("FDD"). All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this ___ day of _____, 20___.

FRANCHISOR: BAM Franchising, Inc.

Signed: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

Signed: _____

Name: _____

Title: _____

Date: _____

Signed: _____

Name: _____

Date: _____

Signed: _____

Name: _____

Date: _____

EXHIBIT E

OPERATIONS MANUAL
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OPERATIONS MANUAL
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EXHIBIT F

LIST OF FRANCHISED OUTLETS
AS OF DECEMBER 31, 2019

EXHIBIT F

LIST OF FRANCHISED OUTLETS
AS OF DECEMBER 31, 2019

Arizona

Jennifer Pyer
1721 N. Dysart Rd. Suite 108
Avondale, Arizona 85392
623-518-3113

California

Jason and Kristen Messer
2250 Commerce Ave., Suite B
Concord, California 94520
925-825-1954

Jason and Kristen Messer
1140 N. Main St.
Manteca, California 95336
209-624-3462

Nancy Randle and Gina Hendricks
1105 S. Euclid, Suite B
Fullerton, California 92832
657-378-9777

Colorado

Thomas and Lindsey Hayden
8966 W. Bowles Ave., Suite V
Littleton, Colorado 80123
720-484-5700

Rick Snyder
449 N. Denver Ave.
Loveland, Colorado 80538
970-888-3783

Connecticut

Robert and Traci Schneider
1173 Queen St.
Southington, Connecticut 06489
860-385-1007

Florida

Adam Smyk
28210 Paseo Dr., Suite 150
Wesley Chapel, FL 33543
813-994-7171

Illinois

Ryan Linsner
20647 Renwick Rd.
Crest Hill, Illinois 60403
630-442-8509

James Demer
204 E. Geneva Rd.
Wheaton, Illinois 60187
630-506-5488

Kentucky

Adam Blust
1850 S Hurstbourne Pkwy
Louisville, Kentucky 40220
502-709-4202

Massachusetts

Patrick Ford and Chris Nourse
280 School St.
Suite D-130
Mansfield, Massachusetts 84106
774-719-0105

Michigan

Jody Lesinski
15254 Canal Road
Clinton Township, Michigan 48038
586-580-3180

Montana

Kevin Woods
1911 Kings Highway West
Suite 9
Billings, Montana 59102

406-969-2931

Nebraska

Brian and Annette Seely
2449 South 132nd Street
Omaha, Nebraska 68144
402-884-6323

New Mexico

Rick Crouse
6001 San Mateo Boulevard, N.E.
Albuquerque, New Mexico 87109
505-369-1574

Oregon

Lynnette Scott
3205 SW Cedar Hills Blvd., Suite 44
Beaverton, Oregon, 97005
503-644-5701

Christina Cooper, David Thornton and Leah Brown
250 SW 1st Ave.
Canby, Oregon 97013
503-263-3337

Brian Aljian
780 Blair Boulevard
Eugene, Oregon 97402
541-225-4981

Matt and Sarah Bauman
3670 River Road N.
Keizer, Oregon 97303
503-390-1830

Spencer Crandall
3040 NE Sandy Blvd
Portland, Oregon 97232
503-908-32639

Tennessee

Bradley and Talana Patterson
4650 Merchants Park Circle
Collierville, Tennessee 38017

901-207-3007

Texas

Gary and Holly Friedman
14010 N Hwy 183, Suite 525
Austin, Texas 78717
512-520-8019

Jason and Andrea Klima
12817 Preston Rd. Suite 104
Dallas, Texas 75320
972-618-2343

Scott and Heather Zachary
2030 Glade Road
Grapevine, Texas 76051
833-289-5346

Chris and Jamie Donnell
12415 Bandera Rd, #212
Helotes, Texas 78023
210-437-2985

Devon Shows
Broadway Street, Suite 710
Pearland, TX 77581
281-741-0279

Jason and Andrea Klima
7224 Independence Pkwy, Suite 332
Plano, Texas 75025
972-618-2343

Jason and Andrea Klima
5250 Hwy. 78, Suite 300
Sachse, Texas 75048
469-969-0045

Chris and Jamie Donnell
21850 Bulverde Rd Ste 102
San Antonio, Texas 78259
210-437-2985

Utah

Cory Anderson
1086 W South Jordan Parkway, Suite 105
South Jordan, Utah 84095
385-645-5346

Cory Anderson
755 E 3300 S
Salt Lake City, Utah 84106
385-429-0166

Washington

Jerame and Vola Moore
351 Three Rivers Dr., Suite 127
Kelso, Washington 98626
360-353-3188

Steve and Sharon Jensen
14650 N Kelsey St. Suite 102
Monroe, Washington 98272
360-243-3068

Jerame and Vola Moore
8700 NE Vancouver Mall Dr., Suite 236
Vancouver, Washington 98662
360-723-5032

Wisconsin

Dan Jacobsohn
3000 Cahill Main St., Suite 114
Fitchburg, Wisconsin 53711
608-286-1302

Newfoundland, Canada

Chad Graham
29 Stavanger Dr.
St. John's, NL A1A5E8
709-237-5700

List of Franchisees Who Had Signed Franchise Agreements but Not Yet Opened as of December 31, 2019

None

Outlets Owned and Operated by One or More of Our Officers as of December 31, 2019

Idaho

Reed Brimhall
10150 W. Fairview Ave.
Boise, Idaho 83704
208-377-4386
(Owned and operated by an entity in which our CFO is an owner)

Utah

Matthew, Karen, Ammon, and Nicole McNeff
658 S. State St.
Orem, UT 84058
801-874-2362
(During 2018, Ammon and Matthew McNeff, two of the owners of the entity that operates this outlet, became officers of BAM Franchising, Inc.)

EXHIBIT G

FRANCHISEES WHO LEFT THE SYSTEM DURING OUR LAST FISCAL YEAR AS OF DECEMBER 31, 2018

EXHIBIT G

FRANCHISEES WHO LEFT THE SYSTEM DURING OUR LAST FISCAL YEAR AS OF DECEMBER 31, 2019

Transferred to New Owner:

Mark and Patty Guttensohn
Memphis, Tennessee
901-207-3007

Miriam Maldonado
Albuquerque, New Mexico
505-307-4288

Ceased Operations – Other Reasons:

Christopher and Virginia Patterson
Columbus, Georgia
706-577-3150

Ryan and Lorann Service
Reno, NV
775-527-9870

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EXHIBIT H

FINANCIAL STATEMENTS
OF
BAM FRANCHISING, INC.

[SEE THE FOLLOWING PAGES.]

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BAM FRANCHISING, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

WITH INDEPENDENT AUDITOR'S REPORT

BAM FRANCHISING, INC.

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YSL & Associates LLC
Certified Public Accountants | Member of Parker Randall International

11 Broadway, Suite 700, New York, NY 10004 Tel: (212) 232-0122 Fax: (646) 218-4682

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
BAM Franchising, Inc.

We have audited the accompanying financial statements of BAM Franchising, Inc. (the "Company"), which comprise the statements of financial condition as of December 31, 2019 and 2018, and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

YSL & Associates LLC

New York, NY
May 12, 2020

BAM FRANCHISING, INC.
Statements of Financial Condition
As of December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 50,086	$ 34,240
Accounts receivable, net	104,172	40,173
Inventory	79,140	78,076
Property and equipment, net	7,402	10,613
Intangible assets, net	3,777	4,359
Other assets	10,659	2,623
Total Assets	**$ 255,236**	**$ 170,084**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Payroll tax payable	$ -	$ 82
Income tax payable	18,968	15,419
Note payable	4,032	11,741
Due to related party	62,497	20,982
Total Liabilities	85,497	48,224
Shareholders' Equity		
Common stock, no par value, 1,000,000 shares authorized, 675,000 shares issued and outstanding	-	-
Additional paid-in capital	110,000	110,000
Retained earnings	59,739	11,860
Total Shareholders' equity	169,739	121,860
Total Liabilities and Shareholders' Equity	**$ 255,236**	**$ 170,084**

See accompanying notes to financial statements

BAM FRANCHISING, INC.
Statements of Operations
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Franchise fee	$ 30,000	$ 7,000
Royalty fee	429,587	406,106
Advertising fee	21,700	21,200
Product sales	36,914	62,111
Other income	7,791	2,367
Total Revenue	525,992	498,784
Cost of product sales		
Cost of product	34,744	61,944
Inventory shrinkage	23,566	-
Total cost of product sales	58,310	61,944
Gross profits	467,682	436,840
Operating expenses		
Shared employee cost	113,844	51,380
Officers' compensation	-	124,900
Advertising expenses	109,780	64,345
Professional fees	62,303	48,945
Occupancy expenses	45,189	44,903
Training expenses	22,328	1,576
Computer and software	14,311	4,643
Travel expenses	8,756	11,844
Depreciation and amortization	3,793	7,491
Insurance	2,766	1,561
Licensing fees	2,650	1,094
Supplies	1,535	4,558
Meals and entertainments	62	739
Other administrative expenses	11,642	12,994
Total Operating expenses	398,959	380,973
Net income before income taxes	68,723	55,867
Income tax expenses	20,944	15,419
Net income	**$ 47,779**	**$ 40,448**

See accompanying notes to financial statements

BAM FRANCHISING, INC.
Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2019 and 2018

	Common Shares	Common Amount	Additional Paid-in Capital	Accumulated Income (Deficit)	Total
Balance at December 31, 2017	675,000	$ -	$ 110,000	$ 46,412	$ 156,412
Net income				40,448	40,448
Shareholders' distribution				(75,000)	(75,000)
Balance at December 31, 2018	675,000	-	110,000	11,860	121,860
Net income				47,779	47,779
Shareholders' contribution				100	100
Balance at December 31, 2019	675,000	$ -	$ 110,000	$ 59,739	$ 169,739

See accompanying notes to financial statements

BAM FRANCHISING, INC.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net income/(loss)	$ 47,779	$ 40,448
Adjustments to reconcile net income /(loss) to net cash provided/(used) by operating activities:		
Depreciation and amortization	3,793	7,491
Change in operating assets and liabilities:		
Accounts receivable, net	(63,999)	27,664
Inventory	(1,064)	(16,788)
Other assets	(8,036)	-
Accounts payable	-	(5,060)
Payroll tax payable	(82)	(15,939)
Income tax payable	3,549	15,419
Due to related party	41,515	20,982
Net cash provided /(used) by operating activities	23,455	74,217
Cash flows from financing activities:		
Note payable	(7,709)	(7,262)
Shareholder's contribution (distribution)	100	(75,000)
Net cash provided /(used) by financing activities	(7,609)	(82,262)
Net increase/(decrease) in cash	15,846	(8,045)
Cash and cash equivalents - beginning of the year	34,240	42,285
Cash and cash equivalents - end of the year	$ 50,086	$ 34,240
Supplementary Disclosure		
Interest paid	$ 495	$ 943
Income tax paid	$ 17,395	$ -

See accompanying notes to financial statements

BAM FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1. NATURE OF OPERATIONS

BAM Franchising, Inc. (Company), an Oregon Corporation, was formed on April 29, 2011. The Company franchises the right to open, operate, promote, arrange, and manage a retail Bricks, Minifigs® store specializing in the resale of LEGO© brand products in an exclusive territory. In 2018, the Company had an ownership change and has elected to be treated as C-corporation instead of S-corporation.

The estimated initial investment to open a store ranges from $108,500 to $276,400. Actual investment costs experienced by a franchisee can vary significantly depending on a host of variables, many of which are in the franchisee's control. The estimated initial investment above includes the initial franchise fees; leasehold improvements; furniture, fixtures, and equipment; starting inventory; and signage and marketing. All approved applicants pay $25,000 initial franchise fee. The initial term of the franchise in 5 years. If franchisee is in good standing, they may renew for period of 5 years under the terms of the then current franchise agreement forms.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Company records as a receivable all applicable fees, including franchise fees, monthly royalty fees, advertising fees and other related revenues. The allowance for doubtful accounts is the best estimate of the amount of probable credit losses in the Company's accounts receivable. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company has recorded an allowance for doubtful accounts of $37,682 and $5,479 as of December 31, 2019 and 2018.

Inventory

The Company values inventories at the lower of cost or net realizable value. Cost is determined under the weighted average cost method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

Revenue Recognition

The Company records its revenues based on the performance obligation under the contract with its franchisees and the determination of fee collectability. Franchise fees from the sales of franchises are recorded upon finalization of franchise agreement and completion of services under the contract related to opening of the store. Royalty fees, which are based on the percentage of the franchisee's monthly gross sales, are recognized as earned upon recognition of sales by franchisees. The company also collects a fixed monthly advertising fees from franchisees, which are recognized on monthly basis. Product sales are recognized when the delivery of the products has occurred and the risk of loss is transferred to the franchisee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company accounts for income taxes under ASC 740, Income Taxes. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

The Company is a C-corporation and files the tax returns in the U.S federal jurisdiction and State of Oregon. The management has determined that the Company has no uncertain tax positions that would require financial statement recognition as of December 31, 2019.

Advertising Costs

The advertisement costs are expenses either as incurred or the first time the advertising takes place. For the years ended December 31, 2019 and 2018, the Company had incurred advertising expenses of $109,780 and $64,345, respectively.

Trademarks

The Company has adopted FASB Accounting Standards Codification 350, Intangibles – Goodwill and Other. That statement required the Company to evaluate certain intangible assets on an annual basis for potential impairment. After estimating the value of the trademarks at December 31, 2019 and 2018, the Company recognized no loss on trademarks impairment for the year ended December 31, 2019 and 2018.

NOTE 3. FRANCHISE INFORMATION

Statistical information on franchises as of December 31, 2019, and 2018, is as follows:

Years Ended December 31	2019	2018
Open at beginning of year	41	35
Opened during the year	1	6
Closed during the year	(3)	0
Open at end of year	39	41
Franchised franchises	37	39
Company owned franchises	2	2

NOTE 4. RELATED PARTY TRANSACTIONS

Note Payable represents a loan due to related party totaling $4,032 and $11,741 as of December 31, 2019 and 2018. The loan carries an interest rate of 6% and monthly payments, including interest, are approximately $684. Amounts will be paid according to the following schedule:

Year ending December 31,	Principal	Interest	Total
2020	$ 4,031	$ 71	$ 4,102
	$ 4,031	$ 71	$ 4,102

In 2018, the Company entered into an arrangement with a related party where the Company shares employees with the related party and reimburses the related party for the related payroll cost incurred by related party. As of December 31, 2019 and 2018, the amounts due to the related party under such arrangement were $62,497 and $20,982, respectively.

NOTE 5. OPERATING LEASE

The Company entered into a 36-month lease agreement for office space with the landlord on October 17, 2016. The lease was terminated in 2019 and there were no future obligations related to the lease. During the years ended December 31, 2019, and 2018, lease expenses were $18,789 and $31,064, respectively.

The Company also entered into a lease agreement for office space on June 1, 2018. The lease commenced on July 1, 2018. This lease is on month to month renewal term. For the years ended December 31, 2019 and 2018, the lease expenses were $26,400 and 13,200, respectively.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019 and 2018:

December 31,	2019	2018
Machinery	$ 22,474	$ 22,474
	22,474	22,474
Less: accumulated depreciation	(15,072)	(11,861)
Property and equipment, net	$ 7,402	$ 10,613

Depreciation expense amounted to $3,211 and $7,491 for the years ended December 31, 2019 and 2018.

NOTE 7. INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2019 and 2018:

December 31,	2019	2018
Trademark	$ 4,359	$ 4,359
	4,359	4,359
Less: accumulated amortization	(582)	-
Intangible assets, net	$ 3,777	$ 4,359

Amortization expense amounted to $582 and $0 for the years ended December 31, 2019 and 2018.

NOTE 8. NEW ACCOUNTING GUIDANCE IMPLEMENTATION

Effective January 1, 2019, the Company retroactively changed its accounting methods for revenue recognition as a result of implementing the requirements in the Financial Accounting Standard Board's ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. This determination follows a five-step model to (a) identify the contract(s) with customers, (b) identify the performance obligations in the contract(s), (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. The Company adopted the requirements of the new revenue recognition guidance as of January 1, 2019, utilizing the modified retrospective transition method which resulted in no material adjustment to retained earnings.

NOTE 9. COVID-19

During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern". This pandemic has disrupted economic markets and the economic impact, duration and spread of the COVID-19 virus is uncertain at this time. The financial performance of the Company is subject to future developments related to the COVID-19 outbreak and possible government advisories and restrictions placed on the financial markets and business activities. The impact on financial markets and the overall economy, all of which are highly uncertain, cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company's results may be materially affected. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through auditor's report date, the date the financial statements were available to be issued and determined that no material events have occurred that require disclosure in the financial statements.

Management Report

BAM Franchising Inc

For the period ended April 30, 2020

Prepared by

Your Personal Accountant, LLC

Prepared on

June 5, 2020

For management use only

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Balance Sheet 5

Statement of Cash Flows 7

Profit and Loss

January - April, 2020

	Total
INCOME	
4000 SOURCES OF INCOME	
4120 Royalty	140,408.29
4200 Advertising Reimbursement	7,050.00
4250 Tech Fee Income	60.00
4300 Merchandise Sales	7,141.84
4700 Override Commissions	844.15
Total 4000 SOURCES OF INCOME	**155,504.28**
4800 Sales Refund	-265.38
Total Income	**155,238.90**
COST OF GOODS SOLD	
5000 COST OF GOODS SOLD /OR SERVICES	6,427.67
5500 LABOR (DIRECT)	
5520 CONTRACT LABOR	667.80
Total 5500 LABOR (DIRECT)	**667.80**
5800 MERCHANT FEES	425.22
5900 BAD DEBT EXPENSE	21,425.77
Total Cost of Goods Sold	**28,946.46**
GROSS PROFIT	**126,292.44**
EXPENSES	
6000 GENERAL BUSINESS EXPENSES	
6020 CONTINUING ED & TRAINING	3,504.00
6030 DUES AND SUBSCRIPTIONS	1,161.38
6060 INSURANCE	482.72
6070 MEALS	
6072 ONSITE & TEAM MEETINGS (50%)	100.66
6076 TRAVEL MEALS (50%)	422.81
Total 6070 MEALS	**523.47**
6080 POSTAGE AND DELIVERY	291.99
6090 PRINTING	784.00
6100 PROFESSIONAL SERVICES	
6102 ACCOUNTING	8,778.75
6104 CONSULTING	2,000.00
6106 LEGAL FEES	894.84
Total 6100 PROFESSIONAL SERVICES	**11,673.59**
6120 OFFICE SUPPLIES	1,116.58
6150 Online Business Programs & Tools	1,722.12
6180 TELEPHONE EXPENSES	58.70
6190 TRAVEL EXPENSES	
6192 Airfare	2,150.40
6194 Car Rental	75.25
6196 Lodging	1,658.61

	Total
Total 6190 TRAVEL EXPENSES	**3,884.26**
Total 6000 GENERAL BUSINESS EXPENSES	**25,202.81**
6200 TECHNOLOGY, MACHINERY & EQUIP.	
6230 Communications	3,735.57
Total 6200 TECHNOLOGY, MACHINERY & EQUIP.	**3,735.57**
6300 STAFF COMPENSATION & BENEFITS	
6390 WAGES & SALARIES	5,154.78
Total 6300 STAFF COMPENSATION & BENEFITS	**5,154.78**
6400 OCCUPANCY EXPENSES	
6430 CLEANING/JANITORIAL	270.99
Total 6400 OCCUPANCY EXPENSES	**270.99**
6600 MARKETING EXPENSES	
6610 MISC MARKETING EXPENSES	8,853.26
6630 ENTERTAINMENT-PROMOTIONAL	96.53
6680 PROMOTIONAL ADVERTISING	24,320.00
6690 WEBSITE EXPENSE	928.16
Total 6600 MARKETING EXPENSES	**34,197.95**
Total Expenses	**68,562.10**
NET OPERATING INCOME	**57,730.34**
OTHER EXPENSES	
8300 FINANCE COSTS	
8310 BANK SERVICE CHARGES	214.00
8330 LOAN INTEREST & FEES	60.66
Total 8300 FINANCE COSTS	**274.66**
8710 STATE TAXES PAID	928.30
8888 MISC TO FIX	-9,047.41
Total Other Expenses	**-7,844.45**
NET OTHER INCOME	**7,844.45**
NET INCOME	**$65,574.79**

Balance Sheet

As of April 30, 2020

	Total
ASSETS	
Current Assets	
Bank Accounts	
1000 CHECKING ACCOUNTS	
1010 Chase xxx7173	32,165.08
1020 Chase xxx9006	6,687.13
1030 Paypal	46,045.52
1040 US Bank Checking xxx8799	155.45
Total 1000 CHECKING ACCOUNTS	**85,053.18**
Total Bank Accounts	**85,053.18**
Accounts Receivable	
1201 ACCOUNTS RECEIVABLES	0.00
1216 Royalty Receivable	140,158.70
1220 Allowance for Doubtfull Account	-59,107.71
Total 1201 ACCOUNTS RECEIVABLES	**81,050.99**
Total Accounts Receivable	**81,050.99**
Other Current Assets	
1275 Giftcard Account	20,914.55
1300 ST LOAN REC. & INVESTMENTS	
1330 Loans To Officer - Stock Purchase	20,000.00
1352 BAM Louisville - Blust Note	1,200.00
1354 BAM TX - G Friedman Loan	2,900.00
1356 BAM of Orem - Inv Loan	6,058.69
Total 1300 ST LOAN REC. & INVESTMENTS	**30,158.69**
1400 INVENTORY	85,869.89
Total Other Current Assets	**136,943.13**
Total Current Assets	**303,047.30**
Fixed Assets	
1600 FURNITURE & EQUIPMENT ($>500)	
1610 Furniture & Equipment	22,473.70
1690 ACC. DEPRECIATION	-15,377.89
Total 1600 FURNITURE & EQUIPMENT ($>500)	**7,095.81**
Total Fixed Assets	**7,095.81**
Other Assets	
1900 LT LOAN REC.& INVESTMENTS	
1910 Trademark	4,358.50
1912 Acc Depreciation on Trademark	-582.00
Total 1900 LT LOAN REC.& INVESTMENTS	**3,776.50**
Total Other Assets	**3,776.50**
TOTAL ASSETS	**$313,919.61**
LIABILITIES AND EQUITY	

	Total
Liabilities	
Current Liabilities	
Other Current Liabilities	
2200 SHORT TERM LOANS	
2250 LM - Reimbursements	45,186.91
Total 2200 SHORT TERM LOANS	**45,186.91**
Total Other Current Liabilities	**45,186.91**
Total Current Liabilities	**45,186.91**
Long-Term Liabilities	
2400 LONG TERM LOANS	
2410 Note Payable - Reed Brimhall	1,357.32
2420 Reed Brimhall April 2020 Loan	20,000.00
Total 2400 LONG TERM LOANS	**21,357.32**
Total Long-Term Liabilities	**21,357.32**
Total Liabilities	**66,544.23**
Equity	
3000 OPENING BAL EQUITY	100.00
3300 Dividends Paid	
3310 LM - Dividends	-56,600.00
3320 RB - Dividends	-25,000.00
Total 3300 Dividends Paid	**-81,600.00**
3600 Common Stock	110,000.00
3800 Retained Earnings - Reed Brimhall	29,437.12
3810 Retained Earnings - Legally Mine (Dan)	23,337.14
3820 Retained Earnings - Legally Mine (Evelyn)	23,337.14
3830 Retained Earnings - Legally Mine (Ammon)	6,285.69
3840 Retained Earnings - Legally Mine (Matt)	4,182.66
3999 RETAINED EARNINGS	66,720.84
Net Income	65,574.79
Total Equity	**247,375.38**
TOTAL LIABILITIES AND EQUITY	**$313,919.61**

Statement of Cash Flows

January - April, 2020

	Total
OPERATING ACTIVITIES	
Net Income	65,574.79
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1216 ACCOUNTS RECEIVABLES:Royalty Receivable	1,694.83
1220 ACCOUNTS RECEIVABLES:Allowance for Doubtfull Account	21,425.77
1275 Giftcard Account	-20,914.55
1330 ST LOAN REC. & INVESTMENTS:Loans To Officer - Stock Purchase	-20,000.00
1354 ST LOAN REC. & INVESTMENTS:BAM TX - G Friedman Loan	500.00
1400 INVENTORY	-6,730.17
2250 SHORT TERM LOANS:LM - Reimbursements	-17,309.46
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	**-41,333.58**
Net cash provided by operating activities	**24,241.21**
FINANCING ACTIVITIES	
2410 LONG TERM LOANS:Note Payable - Reed Brimhall	-2,674.10
2420 LONG TERM LOANS:Reed Brimhall April 2020 Loan	20,000.00
3310 Dividends Paid:LM - Dividends	-6,600.00
Net cash provided by financing activities	**10,725.90**
NET CASH INCREASE FOR PERIOD	**34,967.11**
Cash at beginning of period	50,086.07
CASH AT END OF PERIOD	**$85,053.18**

EXHIBIT I

FORM OF GENERAL RELEASE

The Franchise Agreement provides that the Franchisee must sign a General Release in a form satisfactory to the Franchisor in certain circumstances, such as upon transfer, renewal, or relocation of the Franchise, or upon adding a new business entity to the Franchise Agreement. Following is a form of General Release that is subject to change.

EXHIBIT I

FORM OF GENERAL RELEASE

This General Release Agreement ("Agreement") is made this ___ day of _____, 20___. It is among BAM Franchising, Inc. ("Franchisor"), _____ and _____ (jointly and severally "Franchisee") [and _____ and _____ (jointly and severally "Transferee").] [jointly and severally "New Entity").]

RECITALS

On or about the ___ day of _____, 20___, Franchisor and Franchisee entered into a Bricks and Minifigs Franchise Agreement and related attachments and exhibits (collectively the "Franchise Agreement[s]") for the operation of a Bricks and Minifigs franchise at the following location: _____.

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer, renewal, or relocation of the franchise, or adding a new entity, and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

[1. **Renewal of Franchise Agreement**. The parties covenant and agree:

A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Accepted Location must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.

C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal: _____.

D. You will refurbish, remodel, and replace the Accepted Location, fixtures, and equipment to conform to the current Operations Manual and Method of Operation. This includes: _____.

E. You will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of $_____: _____.]

[1. **Franchise Transfer**. The Parties covenant and agree:

A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them. The provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination and transfer will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Transferee agrees to fully assume and to be bound by the terms, covenants and conditions of the Franchise Agreements as if Transferee had been named as the original franchisee in the Franchise Agreement. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the Franchise Agreements, including but not limited to execution of a new franchise agreement and exhibits in the forms currently being used by Franchisor. While the Transferee will pay the Royalty Fee provided in the Franchisee's Franchise Agreement, the Transferee acknowledges that the new franchise agreement and exhibits may contain other economic and general terms which are materially different from those contained in the Franchise Agreement.

C. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.

D. All obligations of Franchisee in connection with the Franchise Agreement and the franchise are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreement will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.

E. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes $--- in current obligations and will owe additional funds for franchise fees, advertising fees, and product purchases through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor and to product suppliers within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]

F. Franchisee is not in default in any way under the Franchise Agreement or any other agreement between it and Franchisor.

G. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of $---. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a percent commission on the gross transfer price (excluding the price of real property), in the amount of $____. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.]

H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing Bricks and Minifigs franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.

I. The lessor or sublessor of the Accepted Location has consented to the assignment or sublease of the Accepted Location to Transferee.

J. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, inventory, advance paid deposits and other personal property and fixtures located on the Accepted Location, except as follows:

_____

L. Franchisee will properly operate the franchises and maintain the Accepted Location in clean and proper working order and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Accepted Location.

M. Franchisee will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Accepted Location, except as follows:

_____.

N. Transferee agrees to place orders with product suppliers to maintain the inventory and supply levels following the closing of this transaction.

O. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.

P. Transferee will refurbish and remodel the Accepted Location, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and Method of Operation within 90 days of transfer. This includes: _____.]

[1. **Continuation of Franchise Agreement**. The Franchise Agreement and all other or prior agreements between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties will continue in full force and effect and completely express the present understanding between the parties. New Entity will be a party to the Franchise Agreement as though New Entity had executed the Franchise Agreement along with Franchisee on the date it was created.]

[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]

[2. **Franchisee to Cease Using Trade Names, Service Marks, and Logos**. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non-disclosure requirements. Franchisee will:

A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training materials, and any other franchise-related materials in Franchisee's custody, control or possession (or destroy such materials if requested by Franchisor);
B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;
C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;
D. cease use of franchise-related websites, social media accounts, and email addresses;
E. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property; and

F. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system;]

[NOTE: The following Section 2 is for relocations or adding new entities:]

[2. **Commitments and Obligations of Franchisee [and New Entity]**. Franchisee [and New Entity] covenant and agree:

a. Franchisee will remain fully bound by its covenants in the Franchise Agreement.
b. Franchisor is not in default in any way under the Franchise Agreement or any other agreement between Franchisee and Franchisor.
c. [New Entity agrees to fully assume and to be bound by the terms, covenants and conditions of the Franchise Agreement as if New Entity had been named an original franchisee party in the Franchise Agreement. New Entity will execute all documents Franchisor or Franchisee may reasonably require to complete the assumption of the Franchise Agreement.]
d. [Franchisee and New Entity will provide to Franchisor, upon demand, a current list of all owners, shareholders, directors, officers, partners, and employees of New Entity, together with a summary of their respective interests in New Entity.]
e. [Neither Franchisee nor New Entity will make any public or private offering of any securities without first receiving the written consent of Franchisor. Consent may not be unreasonably withheld.]

3. **Communication of Confidential Information**. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Bricks and Minifigs franchise Operations Manual, or any other nonpublic information related to the operation of the Bricks and Minifigs franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. Franchisee will continue to comply with all the confidentiality requirements of the Franchise Agreements.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

4. **Release**.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents ("Released Parties") from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties, or any of the Released Parties, arising prior to the date of this Agreement (except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination).

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

Franchisee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of the Franchise Agreement and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of Transferee's existing franchise or license agreement(s) with us and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.]

B. Waiver of Statute. With the advice of legal counsel, THE PARTIES expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. The parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

C. Certain Obligations Not Released. Notwithstanding any contrary provision in this Agreement, the provisions of the Franchise Agreement concerning Franchisee's obligations upon termination will continue in full force and effect.

D. Acknowledgments. EACH PARTY HEREBY ACKNOWLEDGES THAT IT: (1) HAS READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTANDS IT; (2) IS VOLUNTARILY EXECUTING THIS RELEASE; (3) HAS BEEN GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND (4) IS AWARE THAT BY SIGNING THIS RELEASE SUCH PARTY IS WAIVING CERTAIN LEGAL RIGHTS THAT IT MAY HAVE AGAINST THE RELEASED PARTIES.

E. Covenant Not to Sue. The parties covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

5. **Indemnification**. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees.

6. **Miscellaneous Provisions**.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any

subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Dispute Resolution. If a dispute arises, before taking any other legal action, the parties agree to participate in at least four hours of mediation in Utah County, Utah in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

G. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its arbitration and court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

H. Governing Law. This Agreement is accepted in the State of Utah and will be governed by the laws of Utah, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Utah franchise or business opportunity laws (if any). Any portion of this Agreement that requires enforcement in any other state and is enforceable under the laws of that state but not of Utah, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement, will be tried, heard, and decided in Utah County, Utah.

I. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

J. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

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

[7. **Effective Date**. The effective date of this Agreement shall be the date the last party signs.]

(SIGNATURES APPEAR ON THE FOLLOWING PAGE.)

IN WITNESS WHEREOF, the parties have executed this Agreement.

"Franchisor": BAM Franchising, LLC

By (Signature): _____
Printed Name: _____
Title: _____

"Franchisee":

By: _____
_____, an individual

By: _____
_____, an individual

[ENTITY NAME]

By (Signature): _____
Printed Name: _____
Title: _____

"Transferee":

By: _____
_____, an individual

By: _____
_____, an individual

[ENTITY NAME]

By (Signature): _____
Printed Name: _____
Title: _____

Instructions for signatures (above) for "Franchisee" and "Transferee": If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.

EXHIBIT J

STATE EFFECTIVE DATES & RECEIPTS

State Effective Dates

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

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

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

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

RECEIPT

BAM FRANCHISING, INC

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 BAM FRANCHISING, 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 law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.)

If BAM FRANCHISING, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency as identified on Exhibit B.

BAM FRANCHISING, INC.'s franchise sellers are Ammon McNeff, Matthew McNeff, Daniel McNeff, Matthew Thomas, and Reed Brimhall, 225 West 520 North, Orem, UT 84057, (888) 534-6776.

Issuance Date: May 22, 2019 (and effective as of the individual state registration dates reflected on the cover page).

I have received a Bricks & Minifigs® disclosure document dated as indicated above that included the following Exhibits:

A. Franchise Agreement with attached Schedules
B. List of State Agencies and Regulators
C. Franchise Disclosure Questionnaire
D. State Addenda
E. Operations Manual Table of Contents
F. List of Franchisees
G. Franchisees Who Have Left the System
H. Financial Statements
I. Receipts
J. Form of General Release

DATED this ____ day of _____, 20____.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

RETURN THIS SIGNED FORM TO THE FRANCHISOR.

Mail to BAM Franchising, Inc., 225 West 520 North, Orem, Utah 84057, or email scanned copy to Franchise@BricksandMinifigs.com, or fax to (888) 801-6454.

RECEIPT

BAM FRANCHISING, INC

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 BAM FRANCHISING, 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 law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.)

If BAM FRANCHISING, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency as identified on Exhibit B.

BAM FRANCHISING, INC.'s franchise sellers are Ammon McNeff, Matthew McNeff, Daniel McNeff, Matthew Thomas, and Reed Brimhall, 225 West 520 North, Orem, Utah 84057, (888) 534-6776.

Issuance Date: May 22, 2019 (and effective as of the individual state registration dates reflected on the cover page).

I have received a Bricks & Minifigs® disclosure document dated as indicated above that included the following Exhibits:

A. Franchise Agreement with attached Schedules
B. List of State Agencies and Regulators
C. Franchise Disclosure Questionnaire
D. State Addenda
E. Operations Manual Table of Contents
F. List of Franchisees
G. Franchisees Who Have Left the System
H. Financial Statements
I. Receipts
J. Form of General Release

DATED this ____ day of _____, 20____.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

KEEP THIS COPY FOR YOUR RECORDS.