



FRANCHISE DISCLOSURE DOCUMENT

F-O-R-T-U-N-E FRANCHISE CORPORATION

(a New York Corporation)
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F-O-R-T-U-N-E Franchise Corporation, a New York corporation (“FFC”), sells personnel recruitment franchises that specialize in the permanent placement of professional, executive, and middle management personnel and operate under the trade names “FPC of [City Name].” or “F-O-R-T-U-N-E PERSONNEL CONSULTANTS of [City Name].”

The total investment necessary to begin operation of a personnel recruitment franchise ranges from \$74,650 to \$134,900. This includes \$40,000 that must be paid to FFC as the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure at least 14 days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact Ronald Herzog at rherzog@fpcnational.com, 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042 (the “Lake Success Office”).

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or public library for sources of information. More information on franchising, such as “Consumer’s Guide to Buying a Franchise,” is available from the FTC. You can contact the FTC at 1-877-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. In addition, there may be laws on franchising in your state. Ask your state agencies about them. **Note, however, that no governmental agency has verified the information contained in this document.**

You should also know that the terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Date of Issuance: March 25, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 personnel recruitment 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 an FPC franchisee?	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. REGISTRATION DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DOCUMENT. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit C.

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

Special Risks to Consider About *This* Franchise

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

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. 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 New York 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.

Effective Date: See Exhibit N for state effective dates

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

To simplify the language in this disclosure document, “FFC”, “we” or “us” means **F-O-R-T-U-N-E Franchise Corporation**, the franchisor. “You” means the individual, corporation or partnership who buys the franchise. If the franchisee will operate through a corporation, partnership or limited liability company, “you” also includes the franchisee’s owners, partners or members.

The Franchisor

FFC, a New York corporation, was incorporated on December 21, 2006 and conducts its business under that name. On March 15, 2007, we acquired substantially all the assets of and the business formerly conducted by RS & ES Enterprises, Inc. (formerly known as F-O-R-T-U-N-E Franchise Corporation and referred to herein as “Predecessor”) subject to substantially all of its liabilities and commenced our business operations. Except as set forth below, the only business activities conducted by our Predecessor were providing consulting services to us. Due to deteriorating conditions at our Marcus Avenue office location, we terminated the lease agreement for that office space. We are currently using office space at 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042. Our Predecessor’s principal address is 888 Park Avenue, New York, New York 10021.

FFC sells personnel recruitment franchises that specialize in the permanent placement of professional, executive, and middle management personnel under the trade names “FPC of [City Name].” and “F-O-R-T-U-N-E PERSONNEL CONSULTANTS of [City Name]” (“Franchised Business”).

We recommend that you be fully trained to manage your Franchised Business. We further recommend that you maintain a permanent staff of two (2) placement consultants, not including yourself. At a minimum, you are required to maintain a permanent staff of one at least (1) placement consultant, not including yourself. Failure to follow these recommendations and/or requirements will severely and adversely affect your ability to succeed and is a breach of the Franchise Agreement.

All signatures required to affect the entry into and execution of the Franchise Agreement and all related ancillary documents may be completed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, “electronic signature” shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

Marketplace and Competition

The personnel recruitment business is an established market. Many companies, including other Franchisees of FFC, provide services similar to the ones that will be provided by you. Important competitive factors that determine success in the personnel recruitment industry are the availability and quality of job candidates, the quality and integrity of the service provided by you, and to varying degrees, the fees you charge for your services. Our business model and Exchange System (as described in Item 8) are important factors we believe enhance the competitive position of our Franchisees in the personnel recruitment industry. Sales are not seasonal.

FFC, Our Predecessors and Affiliates

From 1967 to 2007, our Predecessor (together with its predecessor, F-O-R-T-U-N-E Personnel Systems Inc.), granted franchises substantially similar to the one offered to you. In March 2007 we commenced franchising the businesses you will be operating. Our Predecessor does not currently own or operate a business that provides services similar to those provided by our Franchisees. We do not grant franchises in other lines of business and except as set forth below, our Predecessor did not grant any such franchises. As of December 31, 2024 we had 59 such franchises.

FFC does not currently operate or franchise, or presently have any intent to operate or franchise (although we reserve the right to do so in the future), a personnel recruitment business engaged in the placement of professional, executive, and middle management personnel under a different trade name or service mark within your exclusive territory. Except as set forth below, we do not operate or grant franchises in any other lines of business. On April 23, 2007 we opened a personnel recruitment business engaged in the placement of professional, executive, and middle management personnel in New York, through an affiliate Hunter Lawrence Associates, LLC d/b/a FPC of New York City (“Hunter Lawrence-NY”). Hunter Lawrence-NY was organized as a New York limited liability company on April 16, 2007. Hunter Lawrence-NY is now located at 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042. Hunter Lawrence-NY operates a personnel recruitment business and another line of business in contract staffing, specializing in finance and accounting, from the Lake Success Office. For a short period of time during 2013 and early 2014, Hunter Lawrence – NY also operated a personnel recruitment business engaged in the placement of professional, executive, and middle management personnel in Piedmont, NC. Neither we nor any affiliate has ever offered franchises for the operation of a Hunter Lawrence or the line of business in contract staffing, specializing in finance and accounting.

While our franchise does not include the right to operate a temporary placement service, Franchisees are permitted to effect a contract (temporary) placement of personnel under FFC’s current policy (which may be amended or revoked at any time), only when such contract placements are incidental to your Franchised Business and only with our written consent, which may be granted or withheld in our sole discretion. If approved, we will provide consent pursuant to a Contract Placement Confirmation Letter, which you must sign to effect such placements, which is included as Exhibit J.

Except as set forth above, no Predecessor or any affiliate of FFC has ever offered franchises in other lines of business.

Special Industry Regulation

Some states require entities that operate personnel recruitment businesses to acquire licenses or register. Other states require licenses only if an entity charges a job candidate a fee for providing its services. You are strongly advised to consult with an advisor regarding any licensing requirements of the state in which you will operate the Franchised Business. Furthermore, you are required to operate your Franchised Business in accordance with the provisions of federal, state, and local equal employment opportunity laws, which prohibit discrimination in all aspects of your operations. The Federal Immigration Reform and Control Act prohibits companies in our industry from knowingly referring an illegal alien for employment in the United States. The Federal Fair Credit Reporting Act has regulations on reference checking applicants for employment and many state and local laws restrict the use of background and other checks on job applicants as well as other background screening. In the course of operating your Franchised Business, you may be collecting information that is subject to federal, state and local privacy laws and you will be required to comply. You may want to consider purchasing cyber security insurance coverage. There are laws affecting the use of artificial intelligence in the employment process that you must comply with.

Agent For Service of Process

Our agent for service of process in your state is listed on Exhibit D.

ITEM 2: BUSINESS EXPERIENCE

The following list contains the names of the directors, principal officers, and other executives of FFC with management responsibilities relating to the franchises described in this Disclosure Document. It also includes a description of the principal occupation and business experience of each person during the past five years, including the names and locations of prior employers. Unless otherwise indicated, the location of the employer is Lake Success, NY and if prior to February, 2017, New York, New York.

CEO: Ronald Herzog

Mr. Herzog has been CEO of FFC since its formation in 2006. He was previously CEO and President until October 2016. Mr. Herzog joined our Predecessor in January 1995 as an Operations and Training Consultant. He became Manager of Operations and Training in 1997 and was thereafter promoted to Director of Operations and Training. Mr. Herzog became Executive Vice President of our Predecessor in December 2003 and President in early 2005. Mr. Herzog is also a 50% owner of Hunter Lawrence Associates, LLC, an affiliate engaged in the placement of professional, executive, and middle management personnel and in the contract staffing business. From 1990 to 1995, Mr. Herzog held the position of Director of Human Resources for Medical Associates of America located in Fort Lee, New Jersey. From 1982 to 1990, Mr. Herzog was an executive recruiter with Leslie Kavanagh Associates, Inc. (New York, NY).

President: Jeff Herzog

Mr. Herzog has been President of FFC since October 2016. Previously he was Executive Vice President and Chief Development Officer since January 2013 as well as President of Hunter Lawrence Associates LLC d/b/a FPC of New York City since its formation in April 2007. Mr. Herzog provides advice and guidance to new and existing franchisees on how to grow and diversify their businesses. His hands-on experience and long term success in the executive search industry allows him to give real-time insight and teach best practices. Prior to forming FPC of New York City, Mr. Herzog was the Director of Real Estate and Recruitment Advertising for Newsday, a Tribune Publishing Company, Melville, NY from 2004-2007. From 2000-2004 he held the positions of Major Account Manager and Area Sales Manager for Careerbuilder.com and its predecessor HeadHunter.net, New York, NY. In addition, he was the Sales Manager for Update Legal Staffing from 1997-2000 in Newark, NJ.

Director of Training & Operations: Dylan DeYoung

Mr. DeYoung joined our Predecessor in March 2005 as an Operations & Training Consultant and then joined FFC in March 2007. He was promoted to Sr. Operations and Training Consultant in 2008 and then, Manager of Training & Franchise Development in 2012 and later Manager of Training & Operations. He has been Director of Training & Operations since 2015. Before he joined FFC he was a recruiter specializing in the financial industry in New York City. In addition, he worked for Credit Suisse First Boston and prior to that he obtained his Bachelor of Science in Finance from the University of Rhode Island.

Controller: Roland Jasper

Mr. Jasper joined FFC as the Controller in March 2007. From 1983 to March 2007, Roland has worked in the capacity of a financial consultant, accountant, auditor and controller for our Predecessor and its affiliates. Effective June 30, 2025, Roland will be retiring as Controller of FFC and transitioning to an advisory role where he will be available for consultation as needed. Roland's duties and responsibilities will be assumed by Steven Margalit (bio

below) who, in addition to serving as the Director of Franchisee Development, will be elevated to the role of Chief Financial Officer.

Sr. Director of Human Resources and Administration: Jenna Blake

Ms. Blake was the Director, Operations & Talent Acquisition for FFC from January 2020 to January 2023 when she was promoted to Senior Director of Human Resources and Administration. Ms. Blake joined our recruiting affiliate Hunter Lawrence, LLC (DBA FPC of New York City) in July 2007 as a Research Manager and was promoted to Director of Talent Acquisition in May 2012.

Director of Franchisee Development: Steven Margalit

Steve joined FFC in May, 2015 as Training & Operations Consultant. During his time at FPC, Steve has been focused on mentoring and developing new owners and recruiters to reach their goals. A certified public accountant by trade, Steve came to us with ten years of executive recruiting experience placing accounting and finance professionals. Steven was promoted to Manager of Growth and Development in July, 2021 and Director of Franchise Development in July 2022, where he focused on helping prospective franchisees understand the benefits of small business ownership with the FPC community and in the executive recruiting industry. Effective July 1, 2025, and in addition to his duties and responsibilities as the Director of Franchisee Development, Steven will be elevated to the role of Chief Financial Officer.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

The initial and - except as set forth below - non- refundable franchise fee is \$40,000, of which \$22,000 is for the initial training and \$3,000 is for the initial software (the "Initial Franchise Fee").

Payment of the Initial Franchise Fee and signing the Franchise Agreement generally only permits a Franchisee to open one office within the Franchise Territory. FPC offers a Vet Fran discount of 10% of the Initial Franchise Fee. Franchisees will be offered the right to finance up to \$15,000 of the Initial Franchise Fee, as described in Item 10.

Prospective Franchisees may also reserve a territory by paying a territory reservation fee of \$10,000 per territory (“Territory Reservation Fee”), and signing the “Agreement of Provisional Territory Hold with Intent to Purchase a Franchise” which is attached as Exhibit K to this Disclosure Document. The Territory Reservation Fee will be applied to the Initial Franchise Fee if you execute a Franchise Agreement. The Territory Reservation Fee is uniform and nonrefundable even if you do not sign a Franchise Agreement.

To open additional offices a Franchisee must generally acquire an additional franchise. If the additional franchise is within your existing territory, it may be acquired either alone or, subject to our approval, with a third party (i.e., a fellow partner, shareholder or member in a partnership or corporation or limited liability company in which you are at least a 51% shareholder or partner) for an Initial Franchise Fee of \$15,000 payable in one lump sum with no software provided and one-half the initial training (5 days provided) and no other training except for the ongoing support provided to all Franchisees.

To avail themselves of this reduced fee, a Franchisee must remain in good standing, and not in arrears of payment of Franchise fees or royalties or otherwise in violation of the Franchise Agreement, and the Franchisee must remain at least a 51% owner of the new franchise for 2 years. There will be no software fee and none will be provided; we will not charge a training fee, and will only provide the continuing support provided to all Franchisees.

Your Initial Franchise Fee will be refunded if you fail, through no fault of your own, to obtain any necessary employment agency license within four (4) months from the execution date of your Franchise Agreement. We will retain \$5,000 for administrative expenses and you must return all software and any proprietary materials we may have provided. We may refund all of these fees and may terminate the Franchise Agreement if you do not satisfactorily complete the initial ten (10) day training program.

ITEM 6: OTHER FEES

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalty	8% of Gross Receipts to \$500,000 per calendar year 7% of Gross Receipts \$500,001 and above per calendar year. (Note 2)	Payable monthly on or before the 15th day of each month for Gross Receipts earned during the previous month.	Gross Receipts include all revenue received relating directly or indirectly to the Franchised Business, except sales tax, excise tax, or other similar taxes, less refunds.
National Advertising	1% of Gross Receipts. (Note 3)	Payable monthly on or before the 15th day of each month for Gross Receipts earned during the previous month.	Maximum is currently \$4,500 per calendar year and may be amended in the future.

Transfer	\$15,000.. (Note 4)	Upon completion of transfer.	Payable when franchise is transferred; there is no charge if transfer is to your spouse or adult child as described in Item 17. Training will be provided at no additional cost.
Exchange System Arbitration	\$100 or 2% of amount in dispute, whichever is greater, payable by each party to us.	Upon initiation of arbitration.	Fee will be contributed to the Advertising Fund per Franchise Agreement Section 15.04(c).
Audit	Cost of audit (approximately \$5,000) plus out-of-pocket disbursements.	Upon completion of audit.	Payable if audit shows an understatement greater than 5% of the total of royalty and/or advertising fund contributions for the audited period; payment shall include the immediately payable amount due together with interest thereon as provided in Section 6.08 of the Franchise Agreement, from the date on which such Royalty and Advertising Fund contributions should have been paid.
Interest	Annual rate of 2% over Prime or maximum rate permitted by law, whichever is less.	Upon demand	Payable on royalty and advertising fund payments which are 15 or more days overdue.
Costs and Attorneys' Fees	Actual cost.	As incurred	Payable upon termination of the Franchise Agreement if we need to enforce the Franchise Agreement by injunctive relief, if you default in any promissory note delivered to us or for any modification or amendment of the Franchise Agreement requested by you and pursuant to our rights to indemnification.
Indemnification	Actual cost.	As incurred	You must reimburse us if we are held liable for claims arising from your operations.
Buy-Out	Formula (Note 5)	Upon making election	Payable if you elect a Buy-out of the non-compete provisions which apply following termination (including Early Termination) or expiration. See Item 17r.
Optional Ongoing Software/ Technology Renewal/Update fees	Currently \$75 per month per user for Big Biller; \$1,700 per user per year for Zoom Info and \$500 per year per user for Quick Books	As incurred. Payable to third parties.	You are not required to update or renew. See Item 8 for description of the software.

- Note 1: All fees are currently imposed uniformly on new franchisees and other than the ongoing software/technology fees described in Item 8 below are payable to FFC and are non-refundable unless otherwise specified. Older Franchisees and transferees of older Franchisees are in many cases paying lower fees.
- Note 2: Every five years from the date of the Franchise Agreement, we may determine to increase the Royalty thresholds (but not the Royalty rate), which would be effective on the following January 1st by the same percentage that the Consumer Price Index, issued by the U.S. Department of Labor, Bureau of Labor Statistics, N.Y.–Northeastern N.J. region for the immediately preceding December 31st, increases over and above the Consumer Price Index existing as the date the Franchise Agreement is signed. If we approve your right to effect contract placements, the royalty payment will be equal to 8% royalty (or 7%, as applicable) of Gross Margin, together with and payable at the same time and in the same manner as the Royalty under the Franchise Agreement. “Gross Margin” is the total amount of all cash receipts received from Assignments or for Contract Placement activities, less any authorized and documented credits, sales allowances, discounts and/or rebates; and less all compensation paid to candidates on such assignments, applicable payroll taxes and less any fees paid to a third-party payroll service; provided however, that all Conversion Fees or charges attributable to the permanent hiring of a Candidate by a Client will be excluded from Gross Margin and a Royalty is payable on such Gross Receipts.
- Note 3: The exact amount of this fee is determined by FFC and is based on the amount of money we believe is necessary to conduct an effective advertising program. All Franchisees make the same percentage contribution. FFC currently limits advertising fund contributions to \$4,500 per calendar year for each franchised office or 1% of a Franchisee’s total Gross Receipts, whichever is less. We are required to keep Advertising Fund contributions in a separate fund to be used only for purposes related to advertising and the promotion of FFC and its services, as more fully described in Item 11.
- Note 4: The transfer fee compensates us for the cost of training the transferee and other related costs.
- Note 5: The Buy-out Fee is: (a) two times the highest Royalty paid and/or accrued in any calendar year prior to electing the Buy-Out; (b) three (3) times the then current Initial Franchise Fee at the time the Buy-Out notice is given, or (c) \$120,000, whichever is higher.

ITEM 7: ESTIMATED INITIAL INVESTMENT

The following chart describes the estimated initial investment for a single franchised business. All fees, except for the initial franchise fee, are payable to third parties. All fees are non-refundable unless otherwise indicated.

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (Note 1)	\$15,000 ¹	May be financed or paid in Lump Sum (Note 1)	Upon signing of Franchise Agreement	FFC
Software Fee	\$3,000	Lump Sum	Upon signing of Franchise Agreement; paid to Franchisor as part of the initial Franchise Fee.	FFC
Training Fee	\$22,000	Lump Sum	Upon signing of Franchise Agreement; paid to Franchisor as part of the initial Franchise Fee.	FFC
Real Property (1 months security) (Note 2)	\$800 to \$1,500	Lump Sum	Before Opening	Landlord
Bonding, Incorporation and Licensing, if Required (Note 3)	\$500 to \$1,500	As incurred	Before Opening	Your attorney, licensing authority and bonding company.
Furniture, and Equipment (LAN Installation) (Notes 4 and 5)	\$2,950 to \$5,200	As incurred	Before Opening	Your suppliers and telephone company
Insurance (Note 6)	\$1,500 to \$3,000	As arranged	Before Opening	Insurance Company
Start-up Supplies	\$200 to	As arranged	Before Opening	Suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
(Note 7)	\$400			
Pre-Opening Travel And Training Costs (Note 8)	\$1,500 to \$4,500	As arranged	Before Opening	Suppliers of transportation, food, and lodging
Resource Materials (Note 9)	\$1,700 to \$7,300	As arranged	Before Opening	Suppliers
Pre-Opening Advertising (Note 10)	\$500 to \$1,500	As arranged	Before Opening	Advertising Medium
Additional Funds (5 months) (Note 11)	\$25,000 to \$70,000	As incurred	As incurred	Landlord, suppliers, and employees
Totals: (Notes 12, 13, 14 and 15)	\$74,650 to \$134,900			

Note 1: The Initial Franchise Fee is discussed in greater detail in Item 5. The training fee of \$22,000 and the software fee of \$3,000 are included in the initial fees that must be paid to FFC, but these two fees must be paid cash or check when you purchase the franchise. Refer to Item 5 for the conditions under which the Initial Franchise Fee is refundable and for a description of when these fees may be discounted or reduced. See Note 14. See also Item 10 Financing/Payment Options. Prospective Franchisees may also reserve a territory by paying a territory reservation fee of \$10,000 per territory (“Territory Reservation Fee”), and signing the “Agreement of Provisional Territory Hold with Intent to Purchase a Franchise” which is attached as Exhibit K to this Disclosure Document. The Territory Reservation Fee will be applied to the Initial Franchise Fee if you execute a Franchise Agreement. Since the Territory Reservation Fee is applied to the Initial Franchise Fee, there is no change in the estimated total initial investment. The Territory Reservation Fee is uniform and nonrefundable even if you do not sign a Franchise Agreement.

Note 2: At least 800 square feet of usable square footage is recommended to operate your Franchised Business (see Item 11). The cost per square foot of leasing commercial space varies considerably depending upon the office location and market conditions. The cost of leasing commercial space is estimated to be between \$10 and \$30 per square foot per year. Costs for rent on a monthly basis are included in Additional Funds below.

Note 3: You may need a license to operate your Franchised Business (see Item 1) and will need to employ an accountant, attorney and other consultants.

Note 4: This expense includes computers, printers, copier, telephone equipment, desks, chairs, file cabinets and miscellaneous equipment, and estimated telephone and internet company deposits.

Note 5: Assumes all furniture, equipment, and computer equipment is purchased rather than leased.

- Note 6: The figures in the chart are estimated as first years' premium for public general liability (\$1,000,000), errors and omissions (\$1,000,000) and workers' compensation and disability insurance, if required. Automobile insurance premiums, if required (see Item 8), vary widely and you should consult with your local insurance broker.
- Note 7: We estimate that the range given will be sufficient to cover general office supplies, such as paper, file folders, pens, and pencils for the first five (5) months of the operation of the Franchised Business.
- Note 8: Varies significantly depending on distance traveled and type of accommodations selected. This estimate is based on costs per attendee at our formal training program.
- Note 9: This figure is for the directories and job boards based upon anticipated area of concentration, such as LinkedIn and Indeed.com, etc.
- Note 10: Prior to opening the Franchised Business, you will need to advertise for available staff positions and job candidates.
- Note 11: Capital will be needed to support on-going expenses, such as payroll and office rental expenses, to the extent your collected revenue does not cover these costs. In the past, some Franchisees have been successful in obtaining rent concessions at the beginning of the lease. The benefits of any such concessions are not reflected above. New businesses often generate a negative cash flow. The amount listed should be sufficient to cover your expenses during the first five (5) months of the operation of your Franchised Business. These expenses do not include your compensation.
- Note 12: These figures represent the estimated expenses for your Franchised Business with three (3) placement consultants (usually the owner and two (2) consultants).
- Note 13: Except with respect to up to \$15,000 of the Initial Franchise Fee as discussed in Items 5 and 10, FFC does not finance your initial investments. You may be able to obtain financing from third parties for these expenses. FFC makes no estimate regarding loan repayments or financing costs with respect thereto as payments may vary widely depending on the amount financed, the type of collateral supplied, the term of the loan and other factors. The availability and terms of financing from third parties will vary depending on factors including the availability of financing generally, the credit worthiness of a Franchisee, other security available, and the policies of lending institutions as to the type of business to be operated by a Franchisee. FFC has relied on our experience to determine these expenses. These figures should be reviewed carefully with a business advisor before making the decision to purchase a Franchised Business. Your expenses may vary significantly depending on the suppliers you use and local costs and you should not rely on these expenses to project your future performance.
- Note 14: Although Franchisees may purchase an additional Franchised Business at a reduced fee under certain circumstances (see Item 5), the remaining initial investment expenses other than software and training fees listed in this table would not necessarily be reduced for the additional franchise.
- Note 15: Some states impose sales and use taxes on goods and services. If your office will be in one of these states, you may have an added expense for taxes. Consult your accountant and/or tax advisor.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as set forth below, FFC has no required specifications, designated suppliers or approved suppliers for goods, services or real estate relating to your Franchised Business. Neither FFC nor its affiliates will derive revenue from your required purchases or leases. If any software license fees increase during the first year you operate your Franchised Business, we will not require that you reimburse us for any increases. If there are no increases in software license fees during the year, we may derive approximately \$500 of revenue from your software fee.

Neither FFC nor its affiliates are approved suppliers. No franchisor officer or shareholder owns an interest in any supplier. We do not provide any material benefits to a franchisee based on the franchisee's purchase of particular products or services or the use of designated or approved suppliers. We estimate that the cost of required purchases and leases in establishing the franchised business is approximately four percent (4%) of your total purchases and leases in establishing the franchised business. We estimate that the purchases and leases necessary to operate the franchised business account for approximately two percent (2%) of your total operational costs.

Your office location, layout, equipment and furniture, as well as the quality of all standard printed material, such as your letterhead, business cards, envelopes and logos and all advertising material, including all Internet and other electronic medium advertising, whether on your Web site or otherwise, is subject to approval by FFC before use. All submissions not approved by us within ten (10) days shall be deemed approved. The specifications and standards imposed by FFC upon Franchisees are formulated and modified by FFC in our sole discretion and set forth in the Operations Manual.

Buying Power

Although you are not obligated to participate, by maintaining a national presence with over 55 offices we enable our franchisees to buy products and services at discounts to what is available individually. There are no purchasing or distribution cooperatives.

Operations Manual

FFC will provide you with access to the Operations Manual through logging into VINE, our interactive social networking community (see Item 11). The Franchised Business must be operated in strict accordance with the Operations Manual and any other applicable policies established by FFC. FFC reserves the right to amend or modify the Operations Manual from time to time, at our sole discretion, and you agree to abide by all such revisions at your own expense.

Insurance

You must obtain the following insurance coverages: commercial general liability insurance in an amount of at least \$1,000,000; errors and omissions insurance in an amount of at least \$1,000,000; commercial automobile liability insurance covering vehicles that are owned, non-owned or hired by the Franchised Business, providing bodily injury and property damage; and worker's compensation, disability, and any other insurances, in such form and in such amounts, as may be required by law in the state in which your Franchised Business operates. FFC must be named as an additional insured on these policies (except for Workers' Compensation) and FFC must be provided with certificates of insurance. These insurance policies may not be cancelled, not renewed or materially amended during the policy term without providing us with thirty (30) days' prior written notice. If you fail to procure or maintain the insurance coverage required by the Franchise Agreement, we have the right to procure such insurance for you and you shall be responsible for reimbursing us for all costs, including premiums and any applicable administrative costs. If you fail to procure or maintain the required insurance coverages or fail to

reimburse us, then we may consider such failure to constitute a default of the Franchise Agreement. We also recommend you purchase cyber insurance coverage.

The insurance coverage requirements contained in the Franchise Agreement are recommended minimums. You should consult with your attorney and local insurance broker to determine exactly what additional insurance coverage should be established for your Franchised Business. If any lawsuit, action, proceeding, claim, demand, investigation or injury resulting from or arising out of the operations of the Franchised Business is asserted against FFC, whether or not covered by insurance or in excess of policy limits, or below the deductible minimums of the policy or otherwise, you will be required to indemnify us pursuant to Section 19 of the Franchise Agreement.

Exchange System

It is expected that all new Franchisees actively participate in FFC's Exchange System, which provides a means for you to share information regarding job orders and candidates with other Franchisees and affiliates of FFC. At the commencement of the sixth full calendar month of the operations of your Franchised Business, for optimum results, you should be contributing on a monthly basis a minimum of two (2) new workable job orders and two (2) new qualified job candidates for each consultant employed by you. Any fees earned for placements made through the Exchange System (i.e., you are responsible for the job order and another Franchisee or an affiliate of FFC is responsible for the candidate or vice versa) are shared equally between the two participating Franchisees. FFC reserves the right to modify, expand, alter, and amend the Exchange System.

Internet Domain Names and E-mail Addresses

We must approve your domain name and e-mail address in writing before they can be used. If the word "F-O-R-T-U-N-E" is used in either your domain name or e-mail address, it must be in hyphenated form and followed by the words "PERSONNEL CONSULTANTS of [City Name]." In the alternative, "FPC [City Name]" can be used. For example, a domain name can be [www.fpc\[city name\].com](http://www.fpc[city name].com) and an e-mail address can be [name@fpc\[city name\].com](mailto:name@fpc[city name].com).

You may maintain an independent site on the World Wide Web, Internet or other on-line or networked service only as set forth in the Operations Manual. Before use, you are required to submit to FFC for approval all proposed HTML documents (and documents using any other hypertext markup language), including, without limitation, all proposed links, frames and meta tags, and true and correct printouts of all pages you propose to use in your Web site, and you may only use material approved by us. You must provide all hyperlinks or other links that we require, including but not limit to, hyperlinks to our homepage and/or the homepage of other Franchisees. You must list FFC's Web site on your Web site and any other information that we require. All proposed modifications to your Web site, other than job and staff listings, must be approved in writing by FFC before use. You are required to enter into an annual maintenance agreement with any service provider designated by FFC for the ongoing maintenance, support, information, updating and any required upgrades in respect of your homepage as may be directed by FFC from time to time or as set forth in the Operations Manual. The cost of the foregoing will likely represent an insignificant percentage of the total purchases and leases involved with the establishment and operation of your Franchised Business.

Computer Hardware and Software

Included in your software fee are QuickBooks accounting software to use for processing your payroll, invoices, and receivables and for other accounting functions; Big Biller, software used to track candidates, companies and job orders and Corporate Database software – Zoom info. Existing Franchisees who purchase an additional Franchise at a reduced fee receive no software. The Corporate Database Software is owned by ZoomInfo whose address is 307 Waverley Oaks Rd, Waltham, MA 02452, 781.693.7500. QuickBooks is owned by Intuit, 2650 East Elvira, Suite 100, Tucson, Arizona 85706, (800) 446-8848. Big Biller is owned by Top Echelon, 4883 Dressler Rd., N.W. Ste. 203 Canton, OH 44718, (330-455-1433). The software fee will cover your use of all software we provide for one user for one year, but you must pay for all updates and renewals. The renewal and

update estimate for the Big Biller software is \$70 per month per user. The yearly renewal update estimate for the ZoomInfo software is \$1,600 per user, per year and for Quick Books \$350 per year, per user. We have no ability to independently access information stored on your computer system.

We also provide free of charge FPC Vine, which is used by our nationwide network of Franchisees. The Vine is our exclusive interactive social networking community that acts as a virtual bridge among all recruiters employed in the FPC system, allowing them to create user profiles, participate in forums and join special interest groups. We have independent access to the information and data collected electronically. The Vine Intranet is paid for and maintained by FFC at the following Web site address <http://thevine.fpcnational.com>.

FFC requires you to purchase or lease computers for your staff with a minimum of Quad Core (or more) Processor Core i5, 10th Gen or Newer, Windows 10 Professional, 64-bit, 8GB, DDR4 Non-ECC SDRAM Memory, 2666MHz or higher, 256GB Solid State Drive, NVIDIA Quadro P400, 2GB, 3mDP to DP (Franchise Agreement § 10.16(c)). We estimate the cost of purchasing computers will range from \$2,250 to \$3,000.

Except as set forth above, you have no obligation to upgrade or update any computer hardware or software during the term of the Franchise Agreement.

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 Acquisitions/Lease	Sections 3; 9.01 & 10	Items 7, 8 & 11
b.	Pre-opening Purchases/Leases	Section 9.01, 10.03 & 10.16	Items 5, 7, 8 & 11
c.	Site-Development and Other Pre-Opening Requirements	Sections 10.03 and 14	Items 8 & 11
d.	Initial Training and Ongoing Training	Sections 5 & 9 and 14	Item 11
e.	Opening	Section 10.09 & 14	Item 11
f.	Fees	Sections 5, 6, 16 & 17.05 and 21.05	Items 5, 6, 7 & 17
g.	Compliance with Standards and Policies/Operating Manual	Sections 9.01(b) & (d), 10 & 13	Items 7, 8, 11, 15 & 16
h.	Trademarks and Proprietary Information	Sections 10 & 12	Items 13 & 14
i.	Restrictions on Products/Services Offered	Sections 1 & 10	Item 16
j.	Warranty and Customer Service Requirements	Section 10	Not Applicable
k.	Territorial Development and Sales Quota	Sections 1 & 3 and Schedule 1	Item 5 and Item 12
l.	Ongoing Product/Service Purchases	Sections 10.16	Items 6, 8 & 11

Obligation		Section in agreement	Disclosure Document item
m.	Maintenance, Appearance and Remodeling Requirements	Section 10.05 & 10.16(a)	Not Applicable
n.	Insurance	Section 11	Items 7 & 8
o.	Advertising	Sections 6(B), 10.12, 10.13 & 10.16	Items 6, 8 & 11
p.	Indemnification	Section 19	None
q.	Owner's Participation/Management/Staffing	Sections 10.01, 10.04 & 10.09	Items 1 and 15
r.	Records/Reports	Section 7	Item 6
s.	Inspections/Audit	Section 7	Items 6 & 11
t.	Transfer and Assignment	Sections 10.10 & 16	Item 17
u.	Renewal	Section 4	Item 17
v.	Post-termination Obligations	Section 17	Item 17
w.	Non-competition Covenants	Section 18	Item 17
x.	Dispute Resolution	Sections 15, 20 & 21	Item 17
y.	Exchange System	Section 15	Items 1 & 8

ITEM 10: FINANCING / PAYMENT OPTIONS

Except as described below, FFC does not offer direct or indirect financing or guarantee any of your notes, leases or obligations and we cannot estimate whether you will be able to obtain financing to pay for all or part of your initial investment expenses. If you are able to get financing from a third party, we cannot predict the terms of this financing. We do not receive payment from any person or persons for obtaining or placing financing.

FFC will finance up to \$15,000 of your Initial Franchise Fee using the standard form promissory note attached as Exhibit L (the "Note"). The Note will bear interest on the unpaid principal at a fixed annual percentage rate ("APR") which is 2% over the prime rate as published in *The Wall Street Journal* on the day your Franchise Agreement is executed. As of March 10, 2025, the APR was 9.50% (2% over the prime rate as published in *The Wall Street Journal* of 7.50% on March 10, 2025), but it may be higher when you sign your Note. The Note will be payable in 12 equal monthly installments and can be prepaid without penalty at any time during its term. Although interest begins to accrue at the execution of the Franchise Agreement, the payments on the Note do not begin until the thirteenth month after the date your Franchise Agreement is executed, and will include a year's accrued interest. The only security FFC requires is a personal guarantee of the Note by you and your spouse, if any, and by all your officers, director and shareholders and their respective spouses, if any, if you are a corporation, or by all your partners and their respective spouses, if any, if you are a partnership or all of your members and their respective spouses if you are a limited liability company.

If you do not make timely payments on the Note, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorney's fees of 15% of the entire indebtedness if a collection action is necessary. The Note does not contain any waivers of defenses or other similar provisions. Although we have not in the past and do not have a current intent to transfer, assign or sell to any third party the notes executed by you or any other Franchisee, under the terms of the Note, we reserve the right to do so in the future. Our practice is not to transfer, assign or sell to any third party the notes executed by you or any other Franchisee.

The purchase of an additional franchise at a discounted rate by an existing franchisee is not eligible for financing

by us.

If you do not make timely payments on the Note delivered to us beyond a 10 day grace period, we can call the Note and demand immediate payment of the full outstanding balance and obtain court costs and attorney's fees of 15% of the entire indebtedness if a collection action is necessary. Failing to pay the Note is not an express default under the Franchise Agreement. Following a default, if you are otherwise in good standing we will negotiate with you in good faith to provide an extension on the Note.

We do not require any security for the Note. FFC requires a personal guarantee of the Note by You and your spouse, if any, and by all your officers, director and shareholders and their respective spouses, if any, if you are a corporation, or by all your partners and their respective spouses, if any, if you are a partnership or all of your members and their respective spouses if you are a limited liability company.

We have no direct or indirect financing arrangement with any third party we or our affiliates or agents offer directly or indirectly to you. We do not receive payment from any person or persons for obtaining or placing financing.

You may not withhold payment of any monies due on a Note because of any claimed breach of the Franchise Agreement by us. If we assert a claim for monies owed in a legal proceeding, you will not interpose any counterclaim in that proceeding. In addition, you may not make any monetary claims or claim monetary damages by way of set-off, counterclaim or defense based upon a claim that we unreasonably withheld or delayed any approval to a proposed act by you under your Franchise Agreement. Your remedy will be to bring an arbitration proceeding to enforce these provisions, for specific performance or for a declaratory judgment. (Franchise Agreement § 20.04(b)).

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

Except as listed below, FFC is not obligated to provide you with any services or any other type of assistance in the operation of your Franchised Business.

Pre-Opening Obligations

Before you open your Franchised Business, FFC will provide the following assistance and services to you:

- (a) provide advice and counsel regarding office layout and the selection of office furnishings and equipment for your office (Franchise Agreement § 9.01(a));
- (b) establish basic methods and procedures for you to follow in operating your Franchised Business and except for Franchisees who purchased an additional Franchise at a reduced fee, provide new Franchisees with certain software and with industry specific software for database management, participation in the Exchange System and accounting (Franchise Agreement § 9.01(b));
- (c) provide you with ten (10) days of initial training, consisting of: five (5) days at our corporate office in 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042; and five (5) days of remote training via a digital video conferencing platform such as Zoom, except that Franchisees who purchase an additional Franchise at a reduced fee who will only receive the five (5) days remote training (Franchise Agreement § 9.01(c)) (see Items 5 & 7);
- (d) provide you access, through logging into VINE, to the Operations Manual and other training materials for the term of your Franchise Agreement (Franchise Agreement § 9.01(d)); and
- (e) provide advice regarding the initial selection and hiring of your permanent staff (Franchise Agreement § 9.01(e));

FFC is not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance, or services prior to the opening of the Franchised Business. Furthermore, FFC will not be obligated to provide these pre-opening obligations if a Franchisee purchases an additional Franchised Business for a reduced Initial Franchise Fee.

Continuing Obligations

During the operation of your Franchised Business, FFC will provide you with the following assistance and services:

- (a) except for Franchisees who purchase an additional Franchise at a reduced fee (See Items 5 and 7), within twelve (12) months after the opening of your Franchised Business provide you with three (3) additional days of training at our option, either at our corporate office, your office, a regional location designated by us, or via a digital video conferencing platform such as Zoom (Franchise Agreement § 9.02(a))
- (b) provide methods for developing the Franchised Business, including obtaining job orders, recruiting candidates, making referrals, consummating placements, and training new personnel (Franchise Agreement § 9.02(b));

- (c) provide consultation and guidance with respect to the operation of your Franchised Business at reasonable times both by telephone and at our home office (Franchise Agreement § 9.02(c));
- (d) encourage and aid in the interoffice exchange of candidate and job orders between you and other Franchisees and affiliates of FFC by maintaining the Exchange System (Franchise Agreement § 9.02(d)).

FFC is not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance, or services in connection with the ongoing operation of the Franchised Business.

Training Programs

FFC conducts an initial training program for all new Franchisees prior to the opening of their Franchised Business. In addition to the initial training fee, (part of your initial payment to us) you will be responsible for your expenses in connection with this training, including the cost of your transportation, living, and other incidental expenses you incur to attend the training. This initial training consists of five (5) days at our corporate office in 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042; and (5) days of remote training via a digital video conferencing platform such as Zoom (except that Franchisees who purchase an additional Franchise at a reduced fee only receive the 5 days remote training (Franchise Agreement § 9.01(c)). The initial training program consists of a comprehensive program of management training, including leadership responsibilities, monetary and performance planning, the selection, retention, compensation and responsibilities of personnel, client relations, marketing and advertising techniques, and financial planning and controls. The training program includes classroom instruction and a practical application of those teachings, including a simulation of the activities of a placement consultant such as recruiting and interviewing candidates, obtaining job orders, making referrals, and placing candidates. Initial training and other programs are made available as needed.

The satisfactory completion of the initial training program by you and your full-time manager, if any, is mandatory. If you fail to satisfactorily complete the initial training program, FFC reserves the right to terminate your Franchise Agreement.

Our employees, all of whom are qualified staff members and executives of FFC, conduct the initial training program. Qualifications of our executives are set forth in Item 2.

Within twelve (12) months after the opening of your Franchised Business, we will provide new Franchisees, but not Franchisees who purchase an additional Franchise at a reduced price, with three (3) additional days of training at our option at any of: our corporate office; your office; a regional location designated by us; or via a digital video conferencing platform such as Zoom (Franchise Agreement § 9.02(a)).

FFC provides additional training and consultation at our sole cost and expense at regional seminars, via conference calls, through visits to your Franchised Business, which are made at our sole discretion, and at all reasonable times over the telephone. Your only expenses will be the cost of your transportation, living, and other incidental expenses you incur while attending any such additional training.

Our ongoing support currently includes FPC University which was established in 2007 to take FPC's already noteworthy Training and Support to the next level by working with experienced recruiters and elaborate on topics that are more in depth than basic recruiter training but most importantly – highlight important new topics and trends that will increase production. This includes enlisting the expertise of industry thought-leaders to educate FPC employees and owners on effective new techniques and business best practices.

The Franchise Agreement does not require you to complete the required training within a specific date of signing the Franchise Agreement or opening the Franchised Business; however, you must complete the training prior to opening your Franchised Business, which you must open within four (4) months of signing the Franchise Agreement.

The subjects covered in the initial training program are described as follows:

Subject	Hours Of Classroom Training	Hours of On-The-Job Training	Location
Introduction and Orientation	3	-	Franchisor's Office and/or Zoom
Fee Negotiations	1	-	Franchisor's Office and/or Zoom
Recruiting, Interviewing, and Hiring Placement Consultants	6	2	Franchisor's Office and/or Zoom
Training Placement Consultants	2	-	Franchisor's Office and/or Zoom
Supervising Placement Consultants	2	-	Franchisor's Office and/or Zoom
How to Work within Exchange System	3	2	Franchisor's Office and/or Zoom
Legal Factors Relevant to the Industry	2	-	Franchisor's Office and/or Zoom
Selecting Recruitment Specialties	3	-	Franchisor's Office and/or Zoom
Office Computerization	3	-	Franchisor's Office and/or Zoom
Advertising	1	-	Franchisor's Office and/or Zoom
Interviewing Candidates	2	5	Franchisor's Office and/or Zoom
Obtaining Job Orders	5	8	Franchisor's Office and/or Zoom
Taking the Job Order from the Client/Exchange Office	2	2	Franchisor's Office and/or Zoom
Organizations, Time Management and Planners	2	-	Franchisor's Office and/or Zoom
Setting up Interviews Between Clients and Candidates	2	-	Franchisor's Office and/or Zoom
Financial Planning	5	-	Franchisor's Office and/or Zoom
Recruiting for Candidates	4	6	Franchisor's Office and/or Zoom
Considerations in Closing Placements	2	-	Franchisor's Office and/or Zoom
Goal Setting	1	-	Franchisor's Office and/or Zoom
Administrative/ Record keeping	2	-	Franchisor's Office and/or Zoom
Total	53	25	Franchisor's Office and/or Zoom

The instructional materials for our training programs include New Owners Training Manual, New Consultant Training Manual, HR Policy and Procedure Manual, Quick Books, ZoomInfo, Big Biller, New Consultant Training CDs, New Consultant Training Workbook, Vine Training, and Specialized Professional Voice Coaching. See Item 8.

Advertising

FFC provides advertising materials and services to you through a national advertising fund (“Advertising Fund”). The Advertising Fund will be spent at the discretion of FFC for national and/or regional advertising, public relations, Web site, and other electronic media business development and/or the promotion of the FFC system (including any affiliates) and its services (Franchise Agreement § 6.05). The Advertising Fund is used in part to maximize the general public recognition of FFC. FFC is not obligated to make expenditures for any specific Franchisee which are equivalent or proportionate to its contribution to the Advertising Fund or to ensure that any specific Franchisee will benefit directly or pro rata from the Advertising Fund. Historically, most of the Advertising Fund has been spent on public relations, print media and the Internet. FFC reserves the right to determine the nature, scope, content, and form of the advertising, the territory in which it appears, the medium used for the advertising, the budget, and all other matters related to the Advertising Fund.

You will be required to contribute to the Advertising Fund in an amount described in Item 6. All FFC Franchisees contribute to the Advertising Fund on the same basis. Any of our affiliates operating under the FFC or “F-O-R-T-U-N-E Personnel Consultants” name and mark will also contribute to the Advertising Fund at the same rate as franchisees. Except as set forth below, FFC does not receive any payment for providing the Advertising Fund

FFC manages the Advertising Fund and retains the right to increase or decrease the contribution amount required to be made by Franchisees as it deems necessary. However, no Franchisee’s contribution will exceed 1% of its Gross Receipts (Franchise Agreement § 6B). All contributions to the Advertising Fund are maintained in an account separate from FFC’s other monies, and are not used for purposes other than advertising, or on the website except for administrative expenses which we may incur for activities reasonably related to the use of the Advertising Fund, including costs related to the creation and implementation of our advertising, promotional and marketing programs.

Franchisees can use their own advertising material as long as the Marks (as defined in Item 13) and printed material meet the standards prescribed by FFC and are in accordance with the applicable sections of the Franchise Agreement (Franchise Agreement § 10.05, 10.12, and 10.13) (see above). All advertising material, including Internet and other electronic media advertising, whether on your Web site or otherwise, is subject to approval by us prior to use. All Internet and other electronic media advertisements must be in compliance with the Operations Manual. Any item not disapproved within ten (10) days after its submission to FFC shall be deemed approved. Please refer to Item 8 for a discussion regarding Web site and e-mail requirements and specifications.

You will not be required to participate in a local or regional advertising cooperative. FFC does not use the Advertising Fund principally for soliciting new franchisees.

FFC is not required to spend the entire Advertising Fund in any one calendar year. The monies not spent in the current calendar year will be carried forward and spent in future calendar years. Franchisees will not receive a periodic accounting of how the Advertising Fund is spent, and the Advertising Fund is not audited.

During our last fiscal year ended December 31, 2024, of the National Advertising Fund monies spent, approximately 12% was spent on website maintenance and development, 56% on consulting services, 22% on internet & social media marketing, 9% on administrative expenses, and 1% on Public Relations.

There is no advertising council of franchisees.

Computer Hardware and Software

Included in your software fee are QuickBooks accounting software to use for processing your payroll, invoices, and receivables and for other accounting functions; Big Biller, software used to track candidates, companies and job orders and Corporate Database software – Zoom info. Existing Franchisees who purchase an additional Franchise at a reduced fee receive no software. The Corporate Database Software is owned by ZoomInfo whose address is 307 Waverley Oaks Rd, Waltham, MA 02452, 781.693.7500. QuickBooks is owned by Intuit, 2650 East Elvira, Suite 100, Tucson, Arizona 85706, (800) 446-8848. Big Biller is owned by Top Echelon, 4883 Dressler Rd., N.W. Ste. 203 Canton, OH 44718, (330-455-1433). The software fee will cover your use of all software we provide for one user for one year, but you must pay for all updates and renewals. The renewal and update estimate for the Big Biller software is \$75 per month per user. The yearly renewal update estimate for the ZoomInfo software is \$1,700 per user, per year and for Quick Books \$500 per year, per user. We have no ability to independently access information stored on your computer system.

We also provide free of charge FPC Vine, which is used by our nationwide network of Franchisees. The Vine is our exclusive interactive social networking community that acts as a virtual bridge among all recruiters employed in the FPC system, allowing them to create user profiles, participate in forums and join special interest groups. We have independent access to the information and data collected electronically. The Vine Intranet is paid for and maintained by FFC at the following Web site address <http://thevine.fpcnational.com>.

FFC requires you to purchase or lease computers for your staff with a minimum of Quad Core (or more) Processor Core i5, 10th Gen or Newer, Windows 10 Professional, 64-bit, 8GB, DDR4 Non-ECC SDRAM Memory, 2666MHz or higher, 256GB Solid State Drive, NVIDIA Quadro P400, 2GB, 3mDP to DP (Franchise Agreement § 10.16(c)). We estimate the cost of purchasing computers will range from \$2,250 to \$3,000.

Except as set forth above, you have no obligation to upgrade or update any computer hardware or software during the term of the Franchise Agreement.

Office Site Selection

It is recommended that your office be located in a commercial building and must be within the territory defined in your Franchise Agreement. Your office location must be approved by us. You are not permitted to share your office space with any other business entity. Approval of an office site selected by you depends on the availability of an exploitable territory, commercial location of the target office in a commercial office building, availability of a two (2) to three (3) year lease with adequate parking facilities, adequate space (at least 800 square feet of usable office space for a three-consultant operation), access to the building during non-business hours, and service to the building to accommodate your requirements for electricity, heat, telephone, internet, and IT support. The Franchise Agreement is silent on the consequences of our failure to approve a site except that you must open your Franchised Business from an approved site within four (4) months from the date of the execution of your Franchise Agreement.

Business Operations

You must commence your business operations from an approved site within four (4) months from the date of the execution of your Franchise Agreement. Franchisees typically begin operating their Franchised Business within thirty (30) to sixty (60) days of the execution of their Franchise Agreement, with the initial mandatory training normally scheduled to begin immediately before the commencement of operations. If you do not begin operations within four (4) months from the date of the execution of your Franchise Agreement, we reserve the right to terminate your Franchise Agreement (see Item 17) and retain your payments to us (Franchise Agreement § 14.02).

Manuals

The table of contents of the Operations Manual of 317 Pages is attached as Exhibit I.

ITEM 12: TERRITORY

The territory in which you operate your Franchised Business will be determined prior to the execution of your Franchise Agreement and will be fully described in your Franchise Agreement. Although we will consider many factors in determining the boundaries of your Territory it will contain a population of not less than 10,000 people.

You are granted an exclusive territory for a specified area, which may consist of one or more governmental subdivisions or be delineated by boundary streets, highways and other physical boundaries, zip codes, county lines and/or by governmental lines. Provided you are not in default under the terms of your Franchise Agreement, we will not operate or grant a franchise for another Franchised Business within your territory under the trade name FPC or F-O-R-T-U-N-E PERSONNEL CONSULTANTS and service marks FPC or F-O-R-T-U-N-E and F-O-R-T-U-N-E PERSONNEL. **However, all Franchisees and affiliates of FFC whether or not operating under the F-O-R-T-U-N-E PERSONNEL CONSULTANTS trade name or the FPC mark, may advertise, pursue clients or candidates or make placements anywhere, including within your exclusive territory.**

There is no compensation that we or our affiliates, including but not limited to Hunter Lawrence-NY, must pay for any advertising, solicitation or acceptance of orders or applicants within your territory or any placements resulting therefrom. The Franchise Agreement only restricts our ability to operate or franchise to others the right to operate a Franchised Business under the names of F-O-R-T-U-N-E PERSONNEL CONSULTANTS and service marks F-O-R-T-U-N-E and F-O-R-T-U-N-E PERSONNEL or FPC within your territory.

Your Franchised Business must be operated from only one office location, which must be located within the territory described in your Franchise Agreement. The location or relocation of your Franchised Business must be approved by us. The conditions for approval of your office site are described in Item 11. This territory is not conditional on a certain sales volume, market penetration or other similar condition, and is not subject to alteration.

While our franchise does not include the right to operate a temporary placement service, Franchisees are permitted to effect a contract placement of personnel under FFC's current policy (which may be amended or revoked at any time), only when such contract placements are incidental to your Franchised Business and only with our written consent, which may be granted or withheld in our sole discretion. If approved, we will provide consent pursuant to a Contract Placement Confirmation Letter, which you must sign to effect such placements, which is included as Exhibit J.

We, other Franchisees and our Affiliates including but not limited to Hunter Lawrence-NY, may recruit applicants and fill job orders through any source, including through the Internet, telephone solicitation or

other direct marketing in your Territory. You may fill job orders inside or outside your Territory. There are no alternative channels of distribution.

FFC does not currently operate or franchise, or presently have any intent to operate or franchise (although we reserve the right to do so in the future) a personnel recruitment business specializing in the permanent placement of professional, executive and middle management personnel using a different trade name or service mark within your exclusive territory. We opened a personnel recruitment business engaged in the placement of professional, executive, and middle management personnel in New York, New York (currently operating in the Lake Success Office), and a contract staffing business specializing in finance and accounting, through an affiliate called Hunter Lawrence Associates, LLC d/b/a FPC of New York City (also operating in the Lake Success Office). This business may advertise, pursue clients or candidates or make placements anywhere, including in your exclusive territory, without compensation to you.

If FFC or any of its affiliates acquire a business or are acquired by a person or entity which operates or franchises personnel recruitment businesses dealing in the permanent placement of professional, executive or middle management personnel using a trade name other than F-O-R-T-U-N-E, F-O-R-T-U-N-E PERSONNEL, FPC or F-O-R-T-U-N-E PERSONNEL CONSULTANTS, within your territory, FFC, its affiliates and subsidiaries retain the right to use or franchise any trade name or mark other than the Marks (as defined in Item 13) for the operation of a personnel recruitment business engaged in the permanent placement of professional, executive or middle management personnel within your territory. Additionally, FFC, and its affiliates and subsidiaries, if any, reserve the right to engage in a business other than a personnel recruitment business specializing in the permanent placement of professional, executive and middle management personnel. This business can be located within your territory and can include a business you are prohibited from operating under the Franchise Agreement or a personnel consultant business engaged in the placement of office and clerical personnel or any other personnel other than professional, executive or middle management personnel.

The Franchise Agreement does not grant you any options, rights of first refusal or similar rights to acquire additional franchises within your territory or contiguous territories.

If you are in good standing, you or a corporation or partnership in which you are at least a 51% shareholder or partner, may purchase an additional franchise at a reduced rate (see Item 5). If the additional franchise is purchased within an area not encompassed in your existing territory, then the territory for the additional franchise will be determined as set forth above. If the additional franchise is within your territory, then the territory will be divided based upon negotiations between you and FFC.

Prospective Franchisees may also reserve a territory by paying a territory reservation fee of \$10,000 per territory ("Territory Reservation Fee"), and signing the "Agreement of Provisional Territory Hold with Intent to Purchase a Franchise" which is attached as Exhibit K to this Disclosure Document. The Territory Reservation Fee will be applied to the Initial Franchise Fee if you execute a Franchise Agreement. The Territory Reservation Fee is uniform and nonrefundable even if you do not sign the Franchise Agreement.

ITEM 13: TRADEMARKS

FFC grants you the right to operate your Franchised Business under the trade names "FPC of [City Name]" or "F-O-R-T-U-N-E PERSONNEL CONSULTANTS of [City Name]" ("FPC" and "F-O-R-T-U-N-E PERSONNEL

CONSULTANTS” are the “Marks”). “FPC of [City Name]” or “F-O-R-T-U-N-E PERSONNEL CONSULTANTS of [City Name]” are the only trade names that can be used in connection with the operation of your Franchised Business. “Marks” include all trade names, trademarks, service marks, logos and other marks used to identify your Franchised Business, including those listed below.

The following Marks have been registered with the United States Patent and Trademark Office on the principal register.

Registration Number	Description of Mark	Principal/or Supplement Register	Registration Date
2,362,059	FPC	Principal	June 27, 2000
3,095,442	FPC and design 	Principal	May 23, 2006
3,087,677	CAREER PULSE and design 	Principal	May 2, 2006
1,203,857	F-O-R-T-U-N-E PERSONNEL	Principal	August 03, 1982
3,097,878	FPC and design words, “Your Executive Recruiting Partners” 	Principal	May 30, 2006

All the required affidavits of use and renewals to maintain these registrations have been filed. All these trademarks are incontestable. These registered Marks are not registered in New York or any other state.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, Trademark Administrator of this or any other state, or any Court, no pending infringement, opposition or cancellation proceedings or pending material litigation involving the Marks. No agreements are currently in effect which significantly limit our rights with respect to the Marks which would materially affect the operation of your Franchised Business.

The name and mark F-O-R-T-U-N-E must always be written in upper case letters and in hyphenated form. It must be accompanied by the words “PERSONNEL CONSULTANTS” written in upper case letters with equal stress and emphasis as is given to the word F-O-R-T-U-N-E. These requirements are imposed pursuant to an agreement between our Predecessor and Time, Inc. (which cannot be amended or modified and has no expiration date) in order to avoid confusion by the general public with Fortune Magazine.

Franchisees are required to adhere to our rules when utilizing the Marks in any printed form, including, but not limited to: stationery, business cards, invoices, signs, advertisements, promotional literature, e-mail addresses and domain names; or in electronic form, including, but not limited to the Internet or any electronic device. The Marks cannot be used as part of your corporate name and may only be used in connection with the Franchised Business.

The Marks can be used in electronic mediums, including use in a domain name or as an e-mail address, with our express written consent and in accordance with our rules. If the word “F-O-R-T-U-N-E” is used, it must be in hyphenated form and followed by the words “PERSONNEL CONSULTANTS”. In the alternative, “FPC” can be used. For example, a domain name can be in the following format: “www.fpc[city name].com.”

FFC must be notified immediately if you learn about an infringement of, or challenge to, your use of the Marks. FFC is not obligated to protect you against a claim of infringement or unfair competition against your use of our Marks. However, our policy is to take appropriate action when a potential infringement of our name or the Marks has occurred. Any litigation related to the Marks will be controlled by FFC. We are not obligated to participate in your defense and/or indemnify you for damages or expenses incurred if you are a party to an administrative or judicial proceeding involving the Marks.

You must modify or discontinue the use of a Mark if FFC modifies or discontinues it. If this happens you will not be compensated by us in any manner as a result of this discontinuation or modification and will be responsible for all costs associated with it.

You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques.

There are no infringing uses or superior prior rights actually known to FFC which could materially affect your use of the Marks or name FFC in any state.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

FFC does not own any rights in any patents or copyrights that are material to the Franchised Business.

Confidential Operating Manual

Your Franchised Business must be operated in accordance with the standards, methods, policies, and procedures specified in our Operations Manual (“Manual”). Access to the Manual will be provided to you through VINE at the time of your initial training for the term of your Franchise Agreement and any extension thereof. FFC reserves the right to revise the Manual to reflect new developments and approaches in sales, marketing, operational techniques, and other procedures relevant to the Franchised Business. You must comply with any such revisions. In the event of any dispute regarding the contents of the Manual, the information in the master copy maintained by FFC at our home office will be controlling.

The information contained in the Manual, and in any other document created for use in the operation of your Franchised Business is confidential, and you must use reasonable efforts to maintain this information as secret

and confidential and must not disclose, copy, duplicate, record, or otherwise reproduce the Manual, in whole or in part, or otherwise make it available to an unauthorized third party. The Manual will remain our property and must be kept in a secure place in your office.

Confidential Information

During the term of the Franchise Agreement and at all times thereafter, neither you nor any of your officers, directors, members, shareholders or partners, as appropriate, may communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation, any confidential information, knowledge, trade secrets, proprietary information or private processes concerning the methods of operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchised Agreement (including, but not limited to: confidential information, knowledge, trade secrets, proprietary information or private processes about the personnel recruitment business or obtained in the course of participation in the Exchange System or contained in the computer software and software manuals we provide you). Any and all confidential information, knowledge, trade secrets, proprietary information or private processes that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

You also agree for a period of one year after the termination or non-renewal of the Franchise Agreement, regardless of the cause of the termination or non-renewal of the Franchise Agreement, neither you, nor your officers, directors, members, shareholders or partners, as appropriate, will share or use any information regarding job opportunities or job candidates revealed by or in any manner derived from our Franchisees or affiliates, or engage in cooperative job placements with any of our Franchisees or affiliates.

Throughout the term of the Franchise Agreement, and for a period of two years after either the termination or non-renewal of the Franchise Agreement, regardless of the cause of the termination or non-renewal, neither you, nor any of your officers, directors, members, shareholders or partners, as appropriate, shall directly or indirectly employ, seek to employ or attempt to employ any person employed by the Franchised business or FFC or any of its Franchisees or affiliates or otherwise directly or indirectly induce such persons to leave their employment.

Throughout the term of the Franchise Agreement, and for a period of one year after either termination, regardless of cause of the termination, or non-renewal, neither you nor any of your officers, directors, members, shareholders or partners, as appropriate, shall divert or attempt to divert, any business of, or any customers or candidates for employment of the Franchised Business or any other Franchisee or affiliate of FFC to any other competitive establishment, by direct or indirect inducement or otherwise.

You also agree that upon termination of the Franchise Agreement, regardless of the cause of the termination, or non-renewal of the Franchise Agreement, all records contained in all of your databases, including all jobs, candidates, contacts and other data secured as part of your Business operation, is the property of FFC and will be electronically transferred to us within ten (10) days of termination.

All of your employees, including your full-time manager, if any, and all officers and directors, who are not Franchisees, are required to execute a Confidentiality (Trade Secret) Agreement as provided in the Operation Manual and a signed copy must be provided to FFC. The current form is attached as Exhibit H.

Some states have statutes which limit the ability of FFC to restrict your activity after the Franchise Agreement has ended. Other states have court decisions limiting a franchisor's ability to restrict your activity after the Franchise Agreement has ended. See Item 17.

ITEM 15: OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Franchisees are required to devote their full time, energy, effort, and resources to the management and operation of the Franchised Business, as well as attend and satisfactorily complete FFC's training programs and personally sign or guarantee all of the terms and conditions of the Franchise Agreement.

All of your employees, including your full-time manager, if any, and all officers and directors who are not Franchisees, are required to execute a Confidentiality (Trade Secret) Agreement as provided in the Operations Manual (see Item 14), and attached as an Exhibit (H) to this Disclosure Document. A signed copy of the Confidentiality (Trade Secret) Agreement must be provided to FFC. You and your officers, directors, shareholders and members, as appropriate, are also required to enter into an agreement not to compete with the Franchised Business during the term of the Franchise Agreement and for one year after termination or expiration (see Item 14 and Exhibit H). In addition, FFC requires the spouse of the principal owner to sign a personal guaranty of the Franchise Agreement. Such guaranty makes the spouse jointly and severally liable for all obligations of the franchise and affirms the obligations of the Confidentiality Agreement and the agreement not to compete with the Franchised Business during the term of the Franchise Agreement and for one year after termination.

FFC recommends that the Franchised Business be under the direct, on-premises supervision of a manager (which may be you) who has satisfactorily completed our training program. We recommend that you be fully trained to manage your Franchised Business. We further recommend that you maintain a permanent staff of at least two (2) placement consultants, not including yourself. At a minimum, you are required to maintain a permanent staff of one at least (1) placement consultant, not including yourself. Failure to follow these recommendations and/or requirements will severely and adversely affect your ability to succeed and is a breach of the Franchise Agreement.

Since you are required to devote your full time and attention to the Franchised Business, FFC reserves the right to approve your manager. Except in unusual circumstances, we will not approve a manager who does not have an equity interest in your business. The manager will be required to attend and complete the initial training program provided by FFC (see Item 11). You and your officers, directors, members, shareholders and partners, as appropriate, are also required to enter into an agreement not to compete with the Franchised Business while employed and for one year after termination (see Item 14 and Exhibit H for a description of this obligation).

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Under the Franchise Agreement you will be licensed to operate from a single office located in your Territory (as defined in the Franchise Agreement), a Franchised Business specializing in the permanent placement of professional, executive and middle management personnel under the name "FPC of [City Name]" and/or "F-O-R-T-U-N-E PERSONNEL CONSULTANTS of [City Name]." The grant of a franchise does not include the right to place office and clerical personnel or any other personnel except professional, executive, and middle management personnel. Furthermore, you may not engage in the business of, or provide services as a consulting service, a temporary staffing service, an out-placement agency or employee leasing firm unless you secure these rights from FFC or its affiliates in writing. While our franchise does not include the right to operate a temporary placement service, Franchisees are permitted to effect a contract placement of personnel under FFC's current policy (which may be amended or revoked at any time), only when such contract placements are incidental to your Franchised Business and only with our written consent, which may be granted or withheld in our sole discretion. If approved, we will provide consent pursuant to a Contract Placement Confirmation Letter, which you must sign to effect such placements, which is included as Exhibit J. You may not affect any contract placements without our permission and may not make contract placements of legal or graphics personnel.

You may not operate any business other than the Franchised Business from your office. You must keep the office open and in normal operation for the minimum hours and days as FFC may specify. You must also refrain from using or permitting others to use your office for any purpose other than the operation of your Franchised Business.

There are no other restrictions, territorial or otherwise, on the candidates for employment to whom you may offer services. Except as described above, you are not restricted by the Franchise Agreement or any other practice or custom with respect to the services you may offer or with respect to the customers you may solicit. We have no right to change the services to be offered by a Franchised Business.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	4.01	10 years
b.	Renewal or Extension of the Term	4.02	Agreement automatically extended for successive terms of 10 years unless you give written notice at least 12 months but not more than 15 months prior to expiration of current term.
c.	Requirements For You to Renew or Extend	4.02	None.
d.	Termination By You	4.03 and 5.02(b)	For failure to obtain employment agency license within 4 months of execution of Franchise Agreement. Franchisee may terminate for any grounds permitted by law and at any time after the Initial Term upon not less than 12 months prior written notice provided an uncured breach of the Franchise Agreement has not occurred.
e.	Termination By Us Without Cause	None	Not Applicable
f.	Termination By Us With Cause	17	Breach of Franchise Agreement which continues for more than 15 days and other grounds; see Section 17 of the Franchise Agreement. State law and court decisions may supersede the Franchise Agreement with respect to termination.
g.	“Cause” Defined – Defaults Which Can Be Cured	None	Not Applicable
h.	“Cause” Defined – Defaults Which Cannot Be Cured	17.01	Non-payment of fees for more than 15 days; breach of Franchise Agreement, bankruptcy, etc.; failure to pay judgment within 15 days; conviction of a felony, etc.; damage to

	Provision	Section in Franchise Agreement	Summary
			FFC's reputation or goodwill; failure to comply with Exchange System arbitration decisions; failure to maintain license; under reporting of Gross Receipts by 5% or more for any 1 year; failure to satisfactorily complete training; receipt of three or more notices of default in the same calendar year (see Section 17 of Franchise Agreement).
i.	Your Obligations on Termination/Non-renewal	17.03	Obligations include cease and desist all operations and use of our name and Marks; change the name of your business; assign all rights in your Web site to us; payment of all amounts due; and deliver all files and records and confidential information and manuals to us within 10 days of termination; cease using telephone numbers and office premises; see Section 17.03 (also see "r" below for provisions of non-compete).
j.	Assignment of Contract by FFC	16.01	No restriction on our right to assign. However, no assignment will be made except to an assignee who assumes our obligations under the Franchise Agreement. We will only assign to an assignee who in our good faith judgment is willing and able to assume Our obligations.
k.	"Transfer" By You – Definition	16.02;16.05	Transfer of contract or assets or ownership changes.
l.	FFC's Approval of Transfer By You	16.02	FFC has the right to approve all transfers.
m.	Conditions for FFC's Approval of Transfer	16.03	Assignment of entire interest; payment of money owed; undertaking of transferee to take and successfully complete training; new franchisee qualifies; transfer fee paid; release signed by you ¹ ; assignee executes a new 10-year Franchise Agreement or an Assignment and Assumption Agreement; you pay all outstanding debts to FFC; you do not retain security interest in Franchise and agree to honor non-compete (see "r" below).
n.	FFC's Right of First Refusal To Acquire Your Business	16.02	FFC has between 30 and 120 days to match any offer for your business.
o.	FFC's Option to Purchase Your Business	None	Not Applicable

¹ A sample release is attached hereto as Exhibit M

	Provision	Section in Franchise Agreement	Summary
p.	Your Death or Disability	16.08	FFC must approve continued operation of franchise or franchise must be transferred within 6 months.
q.	Non-Competition Covenants During the Term of The Franchise	18	Includes prohibition against personnel business (permanent or temporary (contract)) during the term of the Franchise Agreement anywhere.
r.	Non-Competition Covenants After the Franchise is Terminated or Expires (non-renewed)	17.05 & 18	Includes 1 year prohibition similar to “q” within the United States for permanent business and within your territory for temporary contract businesses. Non-solicitation of customers for one (1) year and non-solicitation of employees for two (2) years. You may elect to avoid the non-competition covenants by paying the Buy-out Fee. The Buy-out Fee is: (a) two times the highest Royalty paid and/or accrued in any calendar year prior to electing a Buy-out of the non-compete; (b) three (3) times the then current Initial Franchise Fee; or (c) \$120,000, whichever is higher. (See Section 17.05 of the Franchise Agreement). State law and court decisions may supersede the Franchise Agreement with respect to these issues.
s.	Modification of the Agreement	13; 21.05	No modifications to the Franchise Agreement unless in writing signed by both parties. Operations Manual subject to change. Revisions to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement. If you request modification, you must pay our legal fees in connection therewith.
t.	Integration/Merger Clause	21.06	The Franchise Agreement supersedes all prior agreements. Any other promises may not be enforceable (subject to state law). Our integration/merger clause does not disclaim the representations in this disclosure document. ²
u.	Dispute Resolution by Arbitration or Mediation	20	Except for certain claims (see Section 20.02 of the Franchise Agreement) all disputes must be arbitrated before the American Arbitration Association in New York, New York or in the City and State nearest FFC’s principal place of business, and all disputes involving Exchange System are subject to

² See Note 1 below.

	Provision	Section in Franchise Agreement	Summary
			internal arbitration (see Section 15 of the Franchise Agreement).
v.	Choice of Forum	21.01	Subject to applicable state law, litigation must be in any court located in the County of Nassau and State of New York.
w.	Choice of Law	21.01	Subject to applicable state law, New York. State law and court decisions may supersede the Franchise Agreement with respect to Items 17v and 17w.
	Statute of Limitations	21.10	Must commence any action relating to the Franchise Agreement, the relationship between you and us, or your operation of the Franchised Business within 1 year except for FFC's rights under Section 7 of the Franchise Agreement.

Note 1: NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

ITEM 18: PUBLIC FIGURES

FFC does not use any public figure to promote its franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 this 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations whether orally or in writing, other than for the information described in this Item. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ronald Herzog, 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042, The Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY FOR
YEARS ENDING DECEMBER 31, 2022 2023 and 2024

COLUMN 1 Outlet Type	COLUMN 2 Year	COLUMN 3 Outlets at the Start of the Year	COLUMN 4 Outlets at the End of the Year	COLUMN 5 Net Change
Franchised	2022	57	61	+4
	2023	61	62	+1
	2024	62	59	-3
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	58	62	+4
	2023	62	63	+1
	2024	63	60	-3

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other Than the Franchisor)
For Years 2022 to 2024

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
AL	2022	0
	2023	0
	2024	0
CT	2022	0
	2023	0
	2024	0

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
DE	2022	0
	2023	0
	2024	0
FL	2022	0
	2023	1
	2024	0
GA	2022	0
	2023	0
	2024	0
IL	2022	0
	2023	0
	2024	0
IN	2022	0
	2023	0
	2024	0
KS	2022	0
	2023	0
	2024	0
ME	2022	1
	2023	0
	2024	0
MD	2022	0
	2023	0
	2024	0
MA	2022	0
	2023	0
	2024	1
MI	2022	0
	2023	0
	2024	0
MS	2022	0
	2023	0
	2024	0
NH	2022	0
	2023	0
	2024	0
NJ	2022	0
	2023	0
	2024	0
NY	2022	0
	2023	0
	2024	0
NC	2022	0

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
	2023	0
	2024	1
OH	2022	0
	2023	0
	2024	0
OR	2022	0
	2023	0
	2024	0
PA	2022	0
	2023	0
	2024	0
SC	2022	0
	2023	0
	2024	0
TN	2022	0
	2023	0
	2024	0
TX	2022	0
	2023	0
	2024	0
VA	2022	0
	2023	0
	2024	0
WA	2022	0
	2023	0
	2024	0
CAN	2022	0
	2023	0
	2024	0
TOTAL	2022	1
	2023	1
	2024	2

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024

Col. 1 State	Col. 2 Years 2022- 2024	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termi- nations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
AL	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
CA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
CO	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
DC	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
DE	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
FL	2022	6	2	0	0	0	0	8
	2023	8	0	0	0	0	2	6
	2024	6	0	0	0	0	1	5
GA	2022	6	1	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	1	7
ID	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
IL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IN	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IA	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
KS	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
KY	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Years 2022- 2024	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termi- nations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
	2024	1	0	0	0	0	1	0
LA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
ME	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MD	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
MI	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
MN	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
MS	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MT	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NV	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NH	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NJ	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
NY	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NC	2022	5	1	0	0	0	0	6

Col. 1 State	Col. 2 Years 2022- 2024	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termi- nations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
	2023	6	2	0	0	0	0	8
	2024	8	0	0	0	0	0	8
OH	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	1	3
OR	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
PA	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	2	3
	2024	3	0	0	0	0	0	3
RI	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
SC	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
TN	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	1	2
TX	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
UT	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
VA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
WA	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WV	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WI	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Canada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Years 2022- 2024	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termini- nations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
TOTAL	2022	57	6	0	0	0	2	61
	2023	61	8	0	0	0	7	62
	2024	62	2	0	0	0	5	59

Table No. 4
Status of Company Owned Outlets *
For Years 2022 to 2024

(Col. 1) State	(Col.2) Year	(Col.3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired from Franchisees	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisees	(Col. 8) Outlets at End of Year
NY	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

* There are no Company-Owned Outlets; these are Company Owned Outlets for our affiliate Hunter Lawrence.

Table No. 5
PROJECTED OPENINGS AS OF
OUR FISCAL YEAR ENDING DECEMBER 31, 2024

State	Franchises For Which Agreement Signed But Franchise Not Opened	Projected Franchises to Be Opened in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year
Kentucky	0	1	0
Texas	0	1	0
Tennessee	0	1	0
Florida	0	1	0
Arizona	0	1	0
Alabama	0	1	0
Ohio	0	1	0

North Carolina	0	1	0
New York	0	1	0
Michigan	0	1	0
Indiana	0	1	0
Illinois	0	1	0
TOTALS	0	12	0

The names of all current Franchisees, as of March 1, 2025, contact information of their offices, as of the date hereof, are attached as Exhibit F.

The name and last known address and telephone number of all Franchisees who have terminated, canceled, not renewed, or otherwise voluntarily or involuntarily stopped operating their Franchised Business during the most recently ended fiscal year or who have not communicated with FFC within ten (10) weeks of the application date are attached as Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers 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 FFC. 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.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit B are (1) the audited Balance Sheets as of December 31, 2024, and December 31, 2023 and Statements of Operations and Comprehensive Income, Changes in Shareholders Equity and Cash Flows for the three years ended December 31, 2024. These Financial Statements have been prepared in accordance with generally accepted accounting principles. Since the date of the most recent of these financial statements, there has been no material change in the financial position of FFC.

ITEM 22: CONTRACTS

Attached as Exhibit A is a copy of the Franchise Agreement to be signed in connection with the Franchised Business offered in this Disclosure Document.

ITEM 23: RECEIPT

Two (2) copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of this document. Please return one signed copy and retain the other for your records.

EXHIBIT A
FRANCHISE AGREEMENT

F-O-R-T-U-N-E FRANCHISE AGREEMENT

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SCHEDULES TO FRANCHISE AGREEMENT

- I. Territory**
- II. Office Clerical and Administrative Personnel**
- III. State Addenda**

FRANCHISE AGREEMENT

Franchise Agreement made in the State of New York, this ____ day of _____, 20__, by and between F-O-R-T-U-N-E FRANCHISE CORPORATION, a New York corporation, with offices located at 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042 ("COMPANY"), and _____ residing at _____

(“FRANCHISEE”) (the “Franchise Agreement”).

W I T N E S S E T H:

WHEREAS, COMPANY has expended time, effort, and money to develop a uniform and standardized system (the “System”) for the operation of a personnel recruitment business specializing and exclusively dealing in the permanent placement of professional, executive, and middle management personnel (the “Business”) under the trade names and service marks “F-O-R-T-U-N-E PERSONNEL CONSULTANTS” and “FPC” (F-O-R-T-U-N-E PERSONNEL CONSULTANTS, FPC and such other trade names, trademarks, service names, logos, copyrights and other service marks now or hereafter used by COMPANY in connection with the System are hereinafter referred to as the “Marks”); and

WHEREAS, COMPANY's System includes a business strategy utilizing training methods, promotional programs, uniform standards, a confidential Operations Manual (as hereinafter defined), and other information, items, and experience which benefit the operation of the Business; and

WHEREAS, FRANCHISEE acknowledges that the Business, operated in accordance with the System and utilizing the Marks has acquired distinctive and valuable goodwill among the public; and

WHEREAS, FRANCHISEE desires to enter into the Business, to be operated in accordance with the System and utilizing the Marks, all subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, it is agreed:

1. GRANT OF FRANCHISE

1.01 COMPANY hereby grants to FRANCHISEE and FRANCHISEE hereby accepts the right, license, privilege, and franchise of utilizing the Marks and System to establish a single personnel recruitment office and to operate the Business therein, all, subject to the terms and conditions of this Agreement solely within the territory described in Paragraph C of Schedule I attached hereto (the “Territory”), at a specific location to be approved in writing by COMPANY, which approval shall not be unreasonably withheld (the “Franchise”). The operation of the Business pursuant to the Franchise is hereinafter referred to as the “Franchised Business”.

1.02 The Franchise granted herein is for the operation of a personnel recruitment franchise under the trade names and service marks “F-O-R-T-U-N-E PERSONNEL CONSULTANTS” and “FPC”, which shall specialize and deal exclusively in the permanent

placement of professional, executive and middle management personnel. The grant of a franchise does not include the right in connection with the personnel recruitment business franchised hereunder to place or attempt to place office clerical and administrative personnel as defined on Schedule II (hereinafter "Clerical Personnel"), unless the COMPANY grants its prior written consent to such activities.

1.03 The Franchise granted herein does not grant FRANCHISEE the right to engage in any business other than the Franchised Business. Without limiting the generality of the foregoing, FRANCHISEE may not without the COMPANY's prior written consent engage in the business of or provide services as a consulting service, a temporary personnel (help) service, an out placement agency or employee leasing firm whether said business is conducted within or without the Territory or under the Marks or under any other name or mark. FRANCHISEE is permitted to effect a contract (temporary) placement of personnel under FFC's current policy (which may be amended or revoked at any time), only when such contract placements are incidental to FRANCHISEE's Franchised Business and only with COMPANY's written consent, which may be granted or withheld in COMPANY's sole discretion. If approved, COMPANY will provide consent pursuant to a Contract Placement Confirmation Letter, which FRANCHISEE must sign to effect such placements, which is included as Exhibit J to the Franchise Disclosure Document, of which this Franchise Agreement is a part.

1.04 COMPANY and its affiliates reserve the right to operate or franchise businesses, other than a personnel recruitment business specializing in the permanent placement of professional, executive and middle management personnel under the trade names and service marks "F-O-R-T-U-N-E PERSONNEL CONSULTANTS" and "FPC," which shall specialize and deal exclusively in the permanent placement of professional, executive, and middle management personnel, within or without the Territory under either the Marks or any other name including, but not limited to any other business which FRANCHISEE is prohibited from operating pursuant to Section 1.03 and/or a permanent placement service business which places or attempts to place Clerical Personnel.

2. USE OF NAME

2.01 FRANCHISEE is granted the right to use, and FRANCHISEE agrees to use, the words "F-O-R-T-U-N-E PERSONNEL CONSULTANTS of [City Name]" or "FPC of [City Name]" as part of its trade or business name, in the exact manner and style set forth on Schedule I (the "Business Name") and as directed by COMPANY. COMPANY reserves the right to direct a change in the manner of use of the Marks by FRANCHISEE, and FRANCHISEE agrees to comply with such directions. FRANCHISEE shall not use the Marks as part of its corporate name without the prior written consent of COMPANY.

3. TERRITORY

3.01 FRANCHISEE is granted an exclusive right to establish a single office for the Franchised Business in the city, town, or village identified on Schedule I that is located within the Territory. FRANCHISEE may not without the COMPANY's prior written consent open additional offices for the Franchised Business within the Territory.

3.02 COMPANY agrees that throughout the term of this Agreement and provided that FRANCHISEE is not in default hereunder, COMPANY will neither operate nor franchise others to operate within the Territory, a personnel recruitment business under the trade

name “F-O-R-T-U-N-E PERSONNEL CONSULTANTS” and service marks “F-O-R-T-U-N-E” “F-O-R-T-U-N-E PERSONNEL” or “FPC,” which shall specialize in the permanent placement of professional, executive or middle management personnel.

3.03 FRANCHISEE acknowledges that the Franchise granted hereunder is limited to the establishment and operation of the Franchised Business in a single office within the Territory. FRANCHISEE may not operate the Franchised Business in an office located outside of the Territory unless a separate franchise agreement is signed by the parties and an additional Initial Franchise Fee (as hereinafter defined) is paid by FRANCHISEE to COMPANY.

3.04 FRANCHISEE acknowledges that other franchisees and/or affiliates of COMPANY who conduct businesses similar or identical to the Franchised Business under the Marks may seek clients or candidates for employment or effect or make placements with clients located within the Territory or advertise within the Territory; and FRANCHISEE may seek clients or candidates for employment or effect or make placements outside of the Territory or advertise outside of the Territory.

3.05 Notwithstanding anything to the contrary set forth herein, if COMPANY or any of its affiliates or subsidiaries acquires a business or is acquired by a person or entity which operates or franchises others to operate a personnel recruitment business other than under the trade name “F-O-R-T-U-N-E PERSONNEL CONSULTANTS” or service marks “F-O-R-T-U-N-E”, “F-O-R-T-U-N-E PERSONNEL” or “FPC,” which shall deal in the permanent placement of professional. Executive and middle management personnel within the Territory, then COMPANY and its affiliates or subsidiaries shall have the right to use or franchise others to use any name or mark other than the Marks for the conduct of a personnel recruitment business which shall deal in the permanent placement of professional, executive, or middle management personnel within the Territory.

4. TERM

4.01 Unless otherwise terminated pursuant to the terms and conditions of this Agreement, the initial term of this Agreement shall be for a period of ten (10) years, commencing on the date hereof (“Initial Term”).

4.02 The term of this Agreement shall be automatically extended for successive ten (10) year terms unless at least twelve (12) but not more than fifteen (15) months prior to the expiration of the initial term or any extension thereof notice of intention to finally terminate is given in writing by registered mail by FRANCHISEE to COMPANY. No Initial Franchise Fee (as hereinafter defined) is charged upon the extension of the term.

4.03 FRANCHISEE may at any time after the Initial Term, provided an uncured Event of Default has not occurred, terminate this Agreement by giving the Company at least twelve (12) months prior written notice by registered mail (“Early Termination”).

5. INITIAL FRANCHISE FEE

5.01 FRANCHISEE shall pay COMPANY an initial non-refundable franchise fee in the amount of Forty Thousand Dollars (\$40,000.00) (the “Initial Franchise Fee”), which

includes an initial training fee of \$22,000 and an initial software licenses fee of \$3,000, less any amounts paid to reserve the Territory pursuant to an Agreement Of Provisional Territory Hold With Intent To Purchase A Franchise (“Deposit Agreement”), which is included as Exhibit K to the Franchise Disclosure Document, of which this Franchise Agreement is a part. Unless the COMPANY has agreed to finance an amount up to \$15,000 of the Initial Franchise Fee, the Initial Franchise Fee is payable by check or in cash subject to collection on the signing of this Agreement, receipt of which is hereby acknowledged. If the COMPANY has agreed to finance an amount up to \$15,000 of the Initial Franchise Fee, the Initial Franchise Fee is payable by check in the amount of \$ _____, subject to collection, and by delivery of a Promissory Note in the form annexed to the Franchise Disclosure Document as Exhibit L, in the amount of \$ _____ upon the signing of this Agreement, receipt of both of which is hereby acknowledged. [] If this box is checked you acknowledge that you are an existing Franchisee who purchased an additional Franchise at a reduced fee.

5.02 (a) If FRANCHISEE fails to complete COMPANY's initial training program (the “Initial Training Program”) to the satisfaction of the COMPANY, then the COMPANY may terminate this Franchise Agreement.

(b) If a license to operate an employment agency is required by the laws of the state or municipality in which FRANCHISEE'S office is to be located, FRANCHISEE shall promptly make due and diligent application for such license and shall fully cooperate with the licensing authorities in connection with such license application and furnish any and all information requested. In the event, after such due and diligent application, the FRANCHISEE shall be unable, within four (4) months from date hereof, to secure such a license, the FRANCHISEE shall give written notice to the COMPANY of the inability to secure such a license, and, this Agreement shall thereupon terminate.

(c) If this Agreement shall terminate pursuant to this Section 5.02, the COMPANY will refund the Initial Franchise Fee to FRANCHISEE, less \$5,000.

6. OTHER PAYMENTS BY FRANCHISEE

A. Royalty

6.01 FRANCHISEE shall pay to COMPANY, in addition to the Initial Franchise Fee as payment for the continuing right to use the Marks and the System, a continuing non-refundable royalty fee (the “Royalty”) in an amount according to the schedule below:

- 8% of the first \$500,000 of FRANCHISEE'S Gross Receipts in the operation of the Franchised Business per calendar year; and
- 7% Gross Receipts in the operation of the Franchised Business per calendar year in excess of \$500,000.

Every five years from the date of this Franchise Agreement, said threshold amounts of Gross Receipts may be increased, at COMPANY's sole discretion, on the following January 1st by the same percentage that the Consumer Price Index, issued by the U.S. Department of Labor, Bureau of Labor Statistics, N.Y.–Northeastern N.J. region for the immediately preceding December 31st, increases over and above the Consumer Price Index existing as the date this Franchise Agreement is signed.

“Gross Receipts” is defined as all sums received by the FRANCHISEE resulting directly or indirectly from the operation of the Franchised Business without deductions

of any kind other than refunds. "Gross Receipts" shall exclude sales tax, excise tax or other similar taxes received by FRANCHISEE.

6.02 The Royalty shall be due and payable by FRANCHISEE to COMPANY on or before the fifteenth (15th) day of each calendar month based on FRANCHISEE's Gross Receipts during the previous calendar month.

B. Advertising Fund

6.03 FRANCHISEE shall participate and contribute to the advertising fund ("Advertising Fund") that has been established by COMPANY for the benefit of all F-O-R-T-U-N-E PERSONNEL CONSULTANTS and FPC offices.

6.04 FRANCHISEE's non-refundable contribution to the Advertising Fund shall be in an amount equal to one percent (1%) of Gross Receipts and is due and payable in the same manner and at the same time as the Royalty.

6.05 Contributions to the Advertising Fund from FRANCHISEE and all other franchisees shall be maintained by COMPANY in a single account designated for that purpose. The proceeds of the Advertising Fund shall be expended at the discretion of COMPANY for national and/or regional advertising, public relations, Web site and other electronic media development and/or promotion of the personnel recruitment businesses conducted under the Marks and the payment of fees, costs, and other charges pertaining to such activities, including but not limited to COMPANY's administrative expenses in connection therewith.

6.06 From time to time COMPANY may, at its sole discretion, on a non-discriminatory basis, reduce or increase the contributions required to be made by FRANCHISEE and other franchisees of COMPANY to the Advertising Fund, or terminate or reinstate the Advertising Fund, provided that in no event shall FRANCHISEE be required to contribute more than one percent (1%) of its Gross Receipts to the Advertising Fund.

6.07 No representation is made by COMPANY and FRANCHISEE acknowledges that expenditures from the Advertising Fund may not result in a proportionate or any advertising effort in a particular geographical area, including FRANCHISEE's Territory or that FRANCHISEE will benefit directly from any expenditures from the Advertising Fund. Expenditures from the Advertising Fund shall be made at the sole discretion of COMPANY and may be for the benefit of any one or more of the Marks. COMPANY shall not be required to expend the entire Advertising Fund during any calendar year. COMPANY shall have the right to determine the nature and scope and content of advertising and promotion programs, the territory in which they are to appear, the form thereof, the media, the budget therefor, and all other relevant decisions regarding the implementation of such advertising and promotion programs.

C. Late Payment

6.08 IF FRANCHISEE shall fail to pay to COMPANY, when due any Royalty, Advertising Fund contribution or any other payment required to be made pursuant to this Agreement, interest shall accrue on the unpaid amount commencing fifteen (15) days after the due date, at an annual rate equal to the Prime Rate as published in the Wall Street Journal or if not available another reputable financial newspaper per month plus two percent (2%) or the highest rate permitted under applicable law for transactions of this type, whichever is less. If COMPANY employs the services of an attorney for the collection of any unpaid amount due hereunder, FRANCHISEE shall reimburse COMPANY for all costs and expenses, including

reasonable attorney's fees, incurred in such collection.

6.09 If FRANCHISEE shall fail to pay to COMPANY when due any Royalty, Advertising Fund contribution or any other payment due hereunder, or fails to file any report required to be filed with COMPANY, and such failure continues for a period of thirty (30) days after the same is due, in addition to all of its other rights and remedies hereunder, COMPANY may suspend all services required to be performed by COMPANY on behalf of FRANCHISEE hereunder, until such time as FRANCHISEE has made payment of all amounts due to COMPANY and has filed all reports with COMPANY required to be filed by FRANCHISEE.

7. FINANCIAL RECORDS

7.01 FRANCHISEE, at FRANCHISEE's sole cost and expense shall submit to COMPANY:

(a) On each Friday throughout the term of this Agreement and on the first day of each calendar month, a complete and accurate statement, in form and substance satisfactory to COMPANY, indicating, with respect to the period ending the preceding day, Gross Receipts and the placement and other operational activity of FRANCHISEE in the operation of the Franchised Business. Each statement shall be certified by FRANCHISEE as accurate and shall be rendered not later than Friday of each calendar week. COMPANY may require such reports be transmitted electronically.

(b) Within one hundred twenty (120) days of the close of each of its fiscal years, a copy of FRANCHISEE's personal and corporate Federal Income Tax Return or such portion thereof as pertains to the Franchised Business, for FRANCHISEE's fiscal year most recently ended.

(c) Within one hundred twenty (120) days of the close of each of its fiscal years, an annual statement of Gross Receipts and profit and loss of the Franchised Business for the fiscal year and a balance sheet for the Franchised Business as of the end of the fiscal year (both in a format to be approved by the COMPANY) prepared and reviewed by a certified public accountant acceptable to COMPANY in its reasonable discretion, and verified and signed by FRANCHISEE as to the information furnished to such accountant. COMPANY has the right to require that the foregoing statements of Gross Receipts and profit and loss and balance sheet be audited by a certified public accountant acceptable to COMPANY in its reasonable discretion.

(d) Such other information, reports and records relating to the Franchised Business as are requested by COMPANY.

7.02 Throughout the term of this Agreement and for a period of six (6) years thereafter FRANCHISEE shall keep and maintain at its Franchised Business office (or such other location approved by COMPANY in writing) all books of account, records, documents, and other materials required to support the financial statements and tax returns and other reports provided to COMPANY, all of which shall be prepared in accordance with generally accepted accounting principles ("Records"). Throughout the term of this Agreement and for a period of six years thereafter, upon demand by COMPANY, FRANCHISEE shall permit COMPANY to inspect and make copies of the Records at any time during normal business hours.

7.03 On five (5) days' prior notice to FRANCHISEE, COMPANY or its representatives may inspect the Franchised Business, audit and/or make copies of

FRANCHISEE's books and records, or the Records and/or enter and inspect the office in which FRANCHISEE conducts the Franchised Business for purposes of determining office neatness, reviewing records of the Franchised Business (including without limitation records concerning accounts receivable, collections, job applications, and employer placement requests), and general conformity of the Franchised Business operation with COMPANY's Operations Manual and/or interview FRANCHISEE's employees. In the event an audit discloses an underpayment by FRANCHISEE to COMPANY of Royalty and/or Advertising Fund contributions, FRANCHISEE shall immediately pay the amount due together with interest thereon as provided in Section 6.08 from the date on which such Royalty and Advertising Fund contributions should have been paid. In the event such underpayments exceed five percent (5%) of the aggregate Royalty and Advertising Fund contributions due during the audited period, such underpayment shall be deemed a breach hereof and, FRANCHISEE shall in addition to making the payments due COMPANY plus interest, promptly pay to COMPANY all fees, expenses, and other costs related to the audit. If any inspection, audit or review reveals any other violations of this Agreement, FRANCHISEE, shall, upon written request of COMPANY, cure such violations and take such action as may be necessary to be in full compliance with this Agreement.

8. REPRESENTATIONS AND WARRANTIES

8.01 COMPANY represents and warrants to FRANCHISEE that:

(a) COMPANY is a corporation duly organized and existing under the laws of the State of New York.

(b) The execution of this Agreement and COMPANY's performance contemplated hereunder shall not violate any agreement to which COMPANY is a party.

(c) Except as set forth in Section 10.13, COMPANY has proprietary rights in and to the Marks used in connection with the franchise and the use of the Marks by FRANCHISEE as permitted by this Agreement shall not infringe upon the rights of any other person with respect thereto.

8.02 FRANCHISEE represents and warrants to COMPANY that the execution of this Agreement and the performance contemplated hereunder by FRANCHISEE shall not violate any agreement to which FRANCHISEE or any of its officers, directors, shareholders, or partners is a party.

9. ADDITIONAL OBLIGATIONS OF COMPANY

9.01 Prior to the opening of the Franchised Business by FRANCHISEE:

(a) COMPANY will advise and counsel FRANCHISEE in the preparation of an office layout and in the selection of office furnishings and equipment.

(b) COMPANY will provide FRANCHISEE with basic methods and procedures, for operating the Franchised Business and with industry specific software for data base management and participation in the Exchange System as well as accounting software.

Existing Franchisees who purchased an additional Franchise at a reduced fee receive no software.

(c) COMPANY will provide FRANCHISEE with ten (10) days of initial training, consisting of: five (5) days at COMPANY'S corporate office in 1979 Marcus Avenue, Suite

210 Lake Success, NY 11042; and at COMPANY'S option either five (5) days of training at FRANCHISEE'S office location or five (5) days of remote training via a digital video conferencing platform such as Zoom. Existing Franchisees who purchased an additional Franchise at a reduced fee only receive the first five (5) days of remote training. Although the cost of training will be borne by COMPANY, FRANCHISEE shall bear the cost of transportation, meals, and lodging, if any, of those who attend the Initial Training Program at COMPANY's corporate office, and salaries of any of FRANCHISEE's employees attending the Initial Training Program.

(d) COMPANY shall make the Operations Manual available to FRANCHISEE through logging into VINE (as hereinafter defined) for the term of the Franchise Agreement which may be amended as provided herein and other training materials.

(e) COMPANY will advise FRANCHISEE in the initial selection and hiring of FRANCHISEE's permanent staff.

9.02 After the opening of the Franchised Business by FRANCHISEE:

(a) Except for an existing Franchisee who purchased an additional Franchise at a reduced fee, COMPANY will provide, within twelve (12) months after the opening of FRANCHISEE'S Franchised Business provide FRANCHISEE with three (3) additional days of training either, at COMPANY'S option, at FRANCHISOR corporate office, FRANCHISEE'S office, a regional location designated by COMPANY, or via a digital video conferencing platform such as Zoom.

(b) COMPANY will provide FRANCHISEE with methods for development of the Franchised Business, including obtaining job orders, recruiting candidates, making referrals, consummating placements, and training new personnel.

(c) COMPANY, will provide consultation and guidance with respect to the operation of your Franchised Business at reasonable times both by telephone and at COMPANY'S home office.

(d) COMPANY will encourage and aid in the interoffice exchange of candidate and job orders between FRANCHISEE and other franchisees and affiliates of COMPANY by maintaining the Exchange System, as described below.

9.03 COMPANY shall not, by virtue of any approvals, advice or services provided to FRANCHISEE, whether pursuant to this Section 9 or any other provision of this Agreement, including but not limited to Section 5.02 (a) assume responsibility or liability to FRANCHISEE or any third parties to which it would not otherwise be subject and assumes no liability or obligations to FRANCHISEE or any third party by reason of any neglect, delay or denial of any approval requested hereunder.

10. ADDITIONAL OBLIGATIONS OF FRANCHISEE

10.01 FRANCHISEE shall faithfully abide by the terms of this Agreement and devote his/her full time and efforts to the promotion and success of the Franchised Business.

10.02 FRANCHISEE shall not harm, misuse or bring into disrepute the name or character of "F-O-R-T-U-N-E PERSONNEL CONSULTANTS", "FPC" or the Marks or any other trade name, trademark, service mark, service name, logo or copyright of COMPANY or COMPANY's business or the business of any franchisee of COMPANY.

10.03 FRANCHISEE shall operate the Franchised Business from a self-

contained office located in a commercial building within the Territory in accordance with the terms and intent of this Agreement in a lawful and ethical manner as specified by COMPANY.

10.04 FRANCHISEE shall pay on a timely basis all of its staff's wages and salaries and payroll taxes, Federal, state and local and other expenses and all taxes of the Franchised Business. FRANCHISEE shall not create or incur any expenses chargeable to COMPANY without COMPANY's prior written approval.

10.05 FRANCHISEE shall maintain the standard practices and image developed by COMPANY as the same may be changed from time to time by COMPANY, in order to maintain uniformity with other franchisees utilizing the Marks, and shall use only those standard forms, stationery, and printed material of a style uniformly prescribed by COMPANY for its franchisees and of a quality that meets the standards uniformly prescribed by COMPANY.

10.06 FRANCHISEE shall not charge a fee to its clients other than as permitted by law.

10.07 FRANCHISEE shall not, directly or indirectly, operate, be associated with or enter into any sub-franchise or branch office arrangement for the operation of the Franchised Business without COMPANY's prior written consent.

10.08 FRANCHISEE shall conduct the Franchised Business pursuant to the law and regulations of the State and locality in which it is located and shall not suffer nor permit the loss or suspension of any license required for the operation of the Franchised Business.

10.09 FRANCHISEE shall keep the Franchised Business open on all business days of each week during normal business hours each business day, except for legal or religious holidays, commonly observed in the Territory, and shall endeavor to follow Company's recommendation to maintain, at all times, a permanent staff of no less than two (2) permanent placement consultants, excluding the FRANCHISEE; and shall maintain a permanent staff of one placement consultant, excluding the Franchisee. The location and any relocation of the office of the Franchised Business are subject to the prior written approval of COMPANY.

10.10 FRANCHISEE, shall not sell any assets other than in the ordinary course of business or, if a corporation, shall not merge or consolidate with another entity, reorganize or amend its corporate charter nor shall it permit its officers, directors, or shareholders to assign or transfer shares of stock, except in strict accordance with the provisions of this Agreement.

10.11 FRANCHISEE shall, if requested by COMPANY, consent to the incorporation of, or the filing of a trade name certificate by other franchisees, where the corporate or trade name includes the words "F-O-R-T-U-N-E PERSONNEL CONSULTANTS" or "FPC" followed by a suitable descriptive title and shall cooperate and execute all papers and documents reasonably required to effect the same.

10.12 FRANCHISEE shall not cause or permit the name of any individual, employee, officer or other person, with respect to any printed matter or advertising in any form, whether print, electronic media or otherwise, in connection with the Business, (i) to appear without being accompanied by the words "F-O-R-T-U-N-E PERSONNEL CONSULTANTS" or "FPC", (ii) to appear more than once, (iii) to be printed larger than one agate line in newspaper and magazine advertisements and two agate lines in other advertising or stationery (except on a business card) and (iv) to be printed larger or bolder than the words "F-O-R-T-U-N-E PERSONNEL CONSULTANTS" or "FPC."

10.13 FRANCHISEE shall not cause the word "F-O-R-T-U-N-E" to appear in

any form, whether print, electronic media or otherwise, on stationery, signs, advertising, electronic media or otherwise, without (i) causing the word to be hyphenated and to appear in upper case letters and (ii) having the word “F-O-R-T-U-N-E” accompanied by the words “PERSONNEL CONSULTANTS”, written in upper case letters and with equal stress and emphasis as is given to the word “F-O-R-T-U-N-E”. FRANCHISEE has been advised that COMPANY has agreed with Time, Inc. to have the words “F-O-R-T-U-N-E PERSONNEL CONSULTANTS” appear in this manner for the purpose of avoiding possible confusion by the general public with Fortune Magazine.

10.14 FRANCHISEE shall not utilize the name “F-O-R-T-U-N-E PERSONNEL CONSULTANTS” or “FPC” or any of the Marks in connection with any purpose or service other than the permanent placement of professional, executive, and middle management personnel to the extent specifically permitted hereunder.

10.15 FRANCHISEE shall in operating the Franchised Business not accept, directly or indirectly, any job order which is subject to or conditioned upon race, creed, color, religion, age, sexual preference or orientation, gender, national origin, physical or mental handicap, ancestry, marital status, liability for service in the Armed Forces of the United States or for any other grounds prohibited by local law, or refer or refuse to refer, or hire or refuse to hire any job candidate predicated upon any such bases. FRANCHISEE shall at all times hire and employ its staff in accordance with all Federal, state and local equal opportunity laws. FRANCHISEE shall treat its staff as employees, not independent contractors and shall deduct from said staff's wages, and pay and/or remit all appropriate payroll taxes and insurance, as required by law. All permanent staff of the Franchised Business shall execute a Confidentiality (Trade Secret) Agreement as provided in the Operations Manual and a copy of the signed agreement shall be provided to COMPANY within one (1) week of the commencement of employment. FRANCHISEE will take such action in connection therewith as may be required by COMPANY both during and upon termination of this Agreement in order to protect any trade secrets which are proprietary to COMPANY or any information, knowledge or know-how deemed confidential under this Agreement or observed by virtue of participation in the Exchange System.

10.16 (a) FRANCHISEE's proposed office location, office layout, and office equipment and furniture, all printed matter used in the operation of the Franchised Business, including without limitation, stationery, application forms, business cards, invoices and statements, and form collection letters; and all advertising matter, including without limitation, Internet and other electronic media advertisements, transcripts of all radio and television advertisements are subject to the prior written consent of COMPANY prior to use and shall be submitted to COMPANY for approval prior to use. Any item not disapproved by COMPANY within ten (10) days of having received the same shall be deemed to have been approved by the COMPANY. Any disapproval by COMPANY shall be in writing and shall specify the reasons for disapproval. In addition, any Internet domain name(s) and E-mail addresses must be in compliance with the Operations Manual. FRANCHISEE must obtain COMPANY's prior written approval for the Internet domain names(s) used for its Franchised Business.

FRANCHISEE may conduct individual E-mail communications without first obtaining COMPANY's written approval, but FRANCHISEE must obtain COMPANY's prior written approval for any and all E-mail addresses. FRANCHISEE may not obtain (800), (888) or similar telephone numbers or use any E-mail address containing the word “F-O-R-T-U-N-E” or “FPC” as part of the telephone number or address, except as may be set

forth in the Operations Manual. If FRANCHISEE uses the word “F-O-R-T-U-N-E” in its e-mail address, it must be in hyphenated form and followed by the words “PERSONNEL CONSULTANTS of [City Name]”. In the alternative, if “FPC” is used in FRANCHISEE’s e-mail address, it must be accompanied by a geographic identification (i.e., name@fpc[cityname].com).

(b) FRANCHISEE may not maintain an independent site on the World Wide Web, Internet or other on-line or networked service except as set forth in the Operations Manual. FRANCHISEE agrees to obtain COMPANY’s written approval for all advertising and other material posted on its Web site or on or in any electronic medium. FRANCHISEE agrees to submit to COMPANY for its approval before use all proposed HTML documents (and documents using any other hypertext markup language), including, without limitation, all proposed links, frames and meta tags, and true and correct printouts of all pages FRANCHISEE proposes to use in its Web site, and FRANCHISEE may only use material which COMPANY has approved. FRANCHISEE’s Web site must conform to all COMPANY’s Web site requirements. FRANCHISEE must provide all hyperlinks or other links COMPANY requires, including but not limited to, hyper-links to COMPANY’s homepage and/or the homepage of other franchisees of the COMPANY. FRANCHISEE must list on its Web site COMPANY’s Web site and any other information COMPANY requires. If FRANCHISEE wishes to modify its approved Website, all proposed modifications, other than job and staff listings, must be approved in writing by COMPANY before use. FRANCHISEE shall be required to enter into an annual maintenance agreement with any service provider designated by COMPANY for the ongoing maintenance, support, information, updating and any required upgrades in respect of FRANCHISEE’s homepage as may be directed by the COMPANY from time to time or as set forth in the Operations Manual. FRANCHISEE shall pay any and all costs associated with the creation and maintenance of its homepage.

FRANCHISEE may not post any of COMPANY’s proprietary, confidential or copyrighted material or information on its Web site without COMPANY’s prior written approval, and FRANCHISEE may not post any material in which any third party has any direct or indirect ownership interest (including, for example video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests).

COMPANY reserves the right to change or discontinue any and all parts of its Website and/or homepage at any time.

(c) FRANCHISEE shall purchase and maintain for use in the Franchised Business such computer equipment as is specified by the COMPANY or set forth in the Operations Manual. FRANCHISEE agrees to execute such support, maintenance and enhancement agreements as COMPANY may require in connection with the industry specific software as COMPANY may make available to FRANCHISEE for use either in data base management or participation in the Exchange System. FRANCHISEE agrees that it will not use any software for database management or participation in the Exchange System, except such software as is supplied or approved by COMPANY.

(d) If COMPANY shall designate that certain equipment, advertising materials, services or other supplies, products and materials required for the operation of the Franchised Business shall be purchased on a group basis by all franchisees of COMPANY solely from suppliers who (i) demonstrate to the continuing reasonable satisfaction of the COMPANY the ability to meet COMPANY’s reasonable standards, specifications and requirements for such

items regarding quality, variety, service, safety and health, (ii) who possess adequate quality control and capacity to supply the needs of all of COMPANY's franchisees promptly and reliably, who is of a sound financial condition and business reputation, (iii) who will supply such items to a sufficient number of franchise owners to enable COMPANY economically to mount a compliance by the supplier with the COMPANY standard specifications and requirements, and (iv) who have been approved for such items in writing by COMPANY and not thereafter disapproved, FRANCHISEE may purchase such equipment, advertising materials, services or supplies from said supplier(s) and execute any and all agreements necessary in connection therewith.

10.17 FRANCHISEE shall not cause or permit the office in which the Franchised Business is operated to be utilized for any purpose or business of any kind or nature whatsoever other than the Franchised Business.

10.18 During the term and any extended term of this Agreement and thereafter, FRANCHISEE covenants not to communicate directly or indirectly, to divulge or use for its benefit or the benefit of any other person or legal entity, any trade secrets which are proprietary to COMPANY or any information, knowledge or know-how deemed confidential under this Agreement hereof, except as permitted by COMPANY. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information as may otherwise be afforded by law or set forth otherwise in this Agreement. Any and all information, knowledge and know-how not generally known about the System and COMPANY's business, standards, procedures, techniques and such other information or material as COMPANY may designate as confidential shall be deemed confidential for purposes of this Agreement.

10.19 FRANCHISEE shall conspicuously identify itself at its office and in all dealings with customers, contractors, suppliers, public officials and others as an independent franchisee of COMPANY and shall place its legal or trade name and/or such notices of independent ownership on such forms, stationery, advertising, other than classified advertising, and other materials as set forth in the Operations Manual.

10.20 FRANCHISEE shall comply with each and every obligation and abide by each and every covenant hereunder.

11. INSURANCE

11.01 FRANCHISEE shall obtain, at its own cost and expense (i) public liability (broad form comprehensive general liability, including all extensions) in an amount not less than One Million (\$1,000,000) Dollars; (ii) errors and omissions insurance coverage, in an amount not less than One Million (\$1,000,000) Dollars; (iii) if FRANCHISEE owns one or more automobiles utilized in or owned by the Franchised Business, bodily injury and property damage coverage with a combined single limit of \$1,000,000; and (iv) worker's compensation, disability and any other insurance required by law in the state in which the Franchised Business office is located.

11.02 All such policies (worker's compensation excepted) shall be primary to and without right of contribution from any insurance maintained by the COMPANY, name COMPANY as an additional insured and shall include a provision that they shall not be cancelled or materially amended without thirty (30) days prior notice to COMPANY. Each such policy shall be issued by an insurer and shall be in form and substance reasonably satisfactory to COMPANY. Prior to the commencement of the Franchised Business, and upon each renewal of

any such policy, FRANCHISEE shall submit to COMPANY policies or certificates of insurance of the types and amounts required by this Agreement, naming COMPANY as an additional insured.

11.03 Maintenance of such insurance, and the performance by FRANCHISEE of the obligations under Section 11.02, shall not relieve FRANCHISEE of any liability to COMPANY under this Agreement, whether under the indemnity provision of this Agreement as set forth in Section 19.01 or otherwise.

11.04 If FRANCHISEE shall for any reason fail to procure or maintain insurance coverage required by this Agreement, COMPANY shall have the right, at its option, to procure such insurance and FRANCHISEE will pay and reimburse COMPANY for all costs of same, including administrative costs associated therewith. FRANCHISEE shall execute all forms, applications and documents reasonably required with respect to obtaining such insurance and the making of any claims thereunder. Notwithstanding COMPANY's right to purchase insurance, if FRANCHISEE fails to procure or maintain insurance as required by this Agreement or to reimburse COMPANY promptly in the event COMPANY purchases insurance as hereinabove provided, then COMPANY may consider such failure to constitute a default of this Agreement.

12. THE MARKS

12.01 FRANCHISEE agrees that the Marks licensed under this Agreement are valid service and/or trademarks solely owned by COMPANY and that only COMPANY, its affiliates and/or its designated franchisees shall have the right to use the Marks or any other trademarks, service marks, trade names, service names, logos, copyrights and other marks presently existing or hereafter acquired by COMPANY for use by its franchisees or affiliates.

12.02 FRANCHISEE agrees that valuable good will is attached to the Marks, and any copyrights owned by COMPANY which FRANCHISEE is authorized to utilize in connection with the Franchised Business ("Copyrights") and that FRANCHISEE will use the Marks and Copyrights in all forms, whether print, electronic media or otherwise, only in the manner and to the extent specifically permitted by this Agreement or specified by COMPANY.

12.03 FRANCHISEE agrees that its use under this Agreement and the license granted by this Agreement for use of the Marks is nonexclusive and that COMPANY, in its sole discretion, has the right to operate or authorize others to operate businesses under the Marks on any terms and conditions COMPANY deems appropriate, subject only to the provisions of this Agreement.

12.04 Upon the expiration or termination of this Agreement, FRANCHISEE agrees that it shall not directly or indirectly contest the right, title, interest, validity, or ownership of COMPANY in the Marks and Copyrights.

12.05 FRANCHISEE shall promptly notify COMPANY of any claim, demand, or suit based upon or arising from, or any attempt by any other person or entity to use the Marks or Copyrights.

12.06 If COMPANY shall be a party to any litigation with respect to the Marks or Copyrights, FRANCHISEE shall execute any and all documents and do such things as may be reasonable and necessary for COMPANY to defend or prosecute such litigation.

12.07 FRANCHISEE agrees that any good will associated with the Marks and

Copyrights, including any good will that might be deemed to have accrued from FRANCHISEE's activities, inures directly and exclusively to the benefit of COMPANY, except as may be specifically provided to the contrary herein or by applicable law.

12.08 FRANCHISEE agrees that each and every detail of the System is valuable to COMPANY and to other franchisees of COMPANY in developing and maintaining uniformity of services throughout the franchise network. Therefore, to enhance the reputation and good will of COMPANY, FRANCHISEE agrees to:

(a) operate, advertise and promote the Franchised Business under the Marks without use of a prefix or suffix and exactly as set forth on Schedule I.

(b) adopt and use the Marks in accordance with rules now or hereafter prescribed by COMPANY; and

(c) conduct its Franchised Business under the Marks in accordance with the operational standards established from time to time by COMPANY, as described in the COMPANY's confidential Operations Manual and/or other documents now or hereafter loaned or provided by COMPANY to FRANCHISEE.

12.09 FRANCHISEE expressly covenants that, during the term of this Agreement and thereafter, FRANCHISEE shall not, directly or indirectly, commit any act of infringement or take any other action in derogation of COMPANY's rights in or to use the Marks.

12.10 COMPANY reserves the right in its sole discretion at any time to direct a termination in use of any of the Marks, to designate, if appropriate, one or more new, modified or replacement marks for use by franchisees and to require the use by FRANCHISEE of any such new, modified or replacement marks in addition to or in lieu of any previously designated marks including but not limited to the Marks. FRANCHISEE shall not be entitled to any compensation as a result of the discontinuation or modification of the Marks. Any expenses or costs associated with the use by FRANCHISEE of any such new, modified or replacement marks shall be the sole responsibility of FRANCHISEE.

13. OPERATIONS MANUAL

13.01 FRANCHISEE, in order to protect the reputation and good will associated with the Marks and to maintain uniform standards of operation throughout the franchise network, shall conduct its Franchised Business in strict accordance with COMPANY's policies including, but not limited to those contained in the Operations Manual. For purposes of this Agreement the "Operations Manual" is defined as a collection of manuals, guides and other audio taped, or video taped materials provided to FRANCHISEE through logging into VINE, the COMPANY's interactive social networking community. COMPANY, from time to time, may revise the Operations Manual to reflect new developments and approaches in sales, marketing, and operational techniques, and other procedures relevant to the operation of the Franchised Business under the Marks and FRANCHISEE shall comply with all such revisions including such revisions as may require the expenditure of reasonable sums of money by FRANCHISEE, provided that such requirements shall also be applied in a reasonably nondiscriminatory manner to all comparable franchised businesses of COMPANY.

13.02 The Operations Manual shall be provided by COMPANY to FRANCHISEE at the time of the Initial Training Program and shall at all times remain the sole

property of COMPANY. FRANCHISEE shall treat the Operations Manual as confidential, and shall not at any time disclose, copy, duplicate, record or otherwise reproduce the Operations Manual, in whole or in part, or make the contents of the Operations Manual available to any unauthorized persons.

14. OPERATION OF BUSINESS

14.01 FRANCHISEE agrees that the commencement and continuous operation of the Franchised Business pursuant to all applicable laws, rules and regulations, is essential to the adequate promotion of COMPANY's franchise network and that any failure by FRANCHISEE to open and continuously operate the Franchised Business shall have a negative effect on COMPANY both locally and nationally.

14.02 If, for any reason FRANCHISEE shall fail to commence operations within four (4) months from the date of this Agreement, COMPANY, at its option, may terminate this Agreement and retain all monies theretofore paid by FRANCHISEE to COMPANY; and such termination shall not release FRANCHISEE from its obligation to pay to COMPANY any unpaid portion of the Initial Franchise Fee.

15. EXCHANGE SYSTEM

15.01 Throughout the term of this Agreement FRANCHISEE is expected to participate in an exchange system (the "Exchange System") administered by COMPANY for all of COMPANY's franchisees operating permanent placement service businesses dealing in professional, executive and middle management personnel under the Marks.

15.02 (a) FRANCHISEE and all other franchisees and affiliates, if any, of the COMPANY participating in the Exchange System shall be provided with job and candidate data maintained by the Exchange System in a regular and nondiscriminatory manner as determined by COMPANY from time to time.

(b) At the commencement of the sixth full calendar month following the opening of the Franchised Business, FRANCHISEE should, for optimum results, contribute two new workable job orders and two new qualified job candidates as defined in the Operations Manual for each consultant employed by FRANCHISEE to the Exchange System each and every calendar month during the initial term and any renewal term of this Agreement.

15.03 In the event of a placement in which FRANCHISEE is responsible for either the job order or the job candidate, and another franchisee or affiliate of COMPANY is responsible for the other of the job order or job candidate as specified in the procedures established by COMPANY from time to time for the Exchange System, the two parties shall equally share the fee earned as a result thereof.

15.04 Any monetary dispute arising with respect to a placement made or fee to be paid through the Exchange System shall be adjudicated by arbitration administered by COMPANY. Such arbitration shall be conducted as follows:

(a) The initiating party ("Complainant") shall give written notice to the other party ("Respondent") of its intention to arbitrate, which notice shall set forth in full Complainant's claim and any written evidence on which the claim is predicated (the "Notice of Arbitration"). Two copies of the Notice of Arbitration shall simultaneously be served on COMPANY together with an arbitration fee in an amount equal to the greater of one hundred

(\$100.00) dollars or two percent (2%) of the amount in dispute.

(b) Within ten (10) days of receipt of the Notice of Arbitration, Respondent shall serve Complainant with a written response setting forth an answer to the claim, together with a copy of all written evidence on which the defense is predicated (the "Response"). Two copies of the Response shall simultaneously be served on COMPANY together with an arbitration fee in an amount equal to the greater of Twenty Five (\$25.00) or two percent (2%) of the amount in dispute.

(c) All arbitration fees shall be contributed by COMPANY to the Advertising Fund. No Notice of Arbitration or Response shall be deemed effective until and unless the respective arbitration fee has been paid to COMPANY.

(d) If a response is not timely served, the claim shall nonetheless be deemed denied and the arbitrator shall render a decision on the papers previously submitted.

(e) Within twenty (20) days of the filing of the Notice of Arbitration with COMPANY, COMPANY shall submit to each party an identical list of four eligible arbitrators. An eligible arbitrator is a person who is an officer of COMPANY or who has been a franchisee of the COMPANY (or an officer, director or principal of such franchisee) for at least six (6) months and such franchisee or person is neither (i) related by blood or marriage to either party to the arbitration nor (ii) has a financial interest in the determination of the arbitration.

(f) Within ten (10) days of the receipt of the list of arbitrators, each party to the arbitration shall return the list of arbitrators to COMPANY having designated the party's order of preference. The failure to return the list of arbitrators to COMPANY in a timely manner shall be deemed to mean all arbitrators are equally acceptable.

(g) To the extent reasonably possible, COMPANY shall appoint a person to serve as arbitrator in accordance with the designated order of mutual preference. If the first person chosen is unable or unwilling to act, COMPANY shall continue the procedure until a single arbitrator is selected. If no person from the list is able or willing to act as arbitrator, COMPANY may appoint an arbitrator from those who meet the eligibility requirements or appoint a professional arbitrator whose expenses shall be borne equally by the parties.

(h) The arbitration shall be conducted by the single arbitrator selected, either by personal conference, mail, and/or telephone, at the sole discretion of the arbitrator. The arbitrator shall issue its final award promptly and, in any event, no later than ten (10) days after the arbitrator has concluded the conduct of the arbitration.

(i) The decision of the arbitrator shall be binding on both parties, who shall fully comply with the decision of the arbitrator within ten (10) days of receipt.

15.05 Neither COMPANY nor its officers, directors or employees shall be liable for any act or omission on its or their part with respect to the administration of the Exchange System, including but not limited to the conduct of arbitrations thereunder.

15.06 COMPANY may from time to time revise, amend and alter the method of operation of the Exchange System, including the method of administration of any arbitration in connection therewith. FRANCHISEE as a condition to continued participation in the Exchange System agrees to comply with all such rules and regulations concerning the Exchange System and to pay all monies due by FRANCHISEE to other franchisees of COMPANY by virtue of their participation in the Exchange System.

16. ASSIGNMENT

16.01 COMPANY may assign this Agreement and all of COMPANY's rights and interests herein to any successor, purchaser, transferee or other assignee who so assumes COMPANY's obligations hereunder, and such assignment and transfer shall be binding upon FRANCHISEE. COMPANY will only assign to an assignee who in COMPANY'S good faith judgment is willing and able to assume COMPANY'S obligations. If COMPANY's assignee assumes all of the obligations of COMPANY hereunder and sends written notice of its assignment so attesting to FRANCHISEE, the assignment shall operate to release COMPANY from all its obligations to FRANCHISEE under this Agreement from and after the date of such assignment.

16.02 FRANCHISEE may not assign or transfer this Agreement or any rights or interests herein or in the Franchised Business or any assets of the Franchised Business other than in the ordinary course of business or a partnership interest therein, or if FRANCHISEE is a corporation all or part of the shares of the corporation, except upon COMPANY's prior written consent. FRANCHISEE must first obtain a bona fide, signed, unconditional and firm written offer from a responsible and fully identified purchaser and shall submit a complete copy of such offer to COMPANY together with COMPANY's current application for franchise completed by the prospective purchaser. Such offer must be limited to this Agreement and the Franchised Business and may not include the purchase of any other property. Prior to any such assignment or transfer, a right of first refusal to acquire the entire right or interest of FRANCHISEE in the Franchised Business proposed to be assigned or transferred shall be offered by FRANCHISEE to COMPANY on the same terms and conditions offered to the proposed assignee or transferee provided that COMPANY may substitute cash for any form of payment proposed in such offer and provided that COMPANY's credit shall be deemed equal to the credit of any proposed purchaser, and COMPANY shall have not less than thirty (30) days from the exercise of its option to consummate the transaction. COMPANY shall have not less than thirty (30) nor more than one-hundred and twenty (120) days following the receipt of such offer to exercise its right to purchase.

16.03 If COMPANY does not exercise this right of first refusal, FRANCHISEE may complete the sale to such purchaser pursuant to and on the terms of said offer, subject to COMPANY's prior written approval of the purchaser as provided herein. However, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to COMPANY, or upon substantially the same terms of the sale as specified in such offer, COMPANY shall again have the right of first refusal as herein provided.

COMPANY's written approval of the proposed sale to the named purchaser, if given, shall be conditioned upon the following:

(a) Only the entire interest of FRANCHISEE under this Agreement may be assigned or transferred.

(b) Unless the assignee or transferee is a franchisee of COMPANY, the assignee or transferee shall undertake and successfully complete COMPANY's Initial Training Program administered at COMPANY's corporate office and at COMPANY'S option either the Assignee's office location or via a digital video conferencing platform such as Zoom'. There is no cost for the training except the assignee or transferee shall bear the cost of transportation, meals, and lodging, if any, of those who attend the Initial Training Program at COMPANY's corporate office, and salaries of any of FRANCHISEE's employees attending the Initial Training Program. .

(c) The proposed assignee or transferee shall meet the standards then imposed by COMPANY for new franchisees, and shall demonstrate to COMPANY's satisfaction the ability to operate the business being transferred. FRANCHISEE shall provide COMPANY with a resume and credit check and all such other information reasonably required by COMPANY with respect to the proposed assignee or transferee who shall be personally interviewed at COMPANY's corporate office at no cost to COMPANY.

(d) The assignee or transferee executing both of (x) either a new 10-year franchise agreement in the form being used at the time by COMPANY for this franchise program, which agreement shall govern the rights and obligations of the parties, provided, however, the purchaser will not be obliged to pay an Initial Franchise Fee, and the Royalty as set forth in this Agreement shall not be altered, or an assignment and assumption agreement in form and substance approved by the COMPANY; and, (y) such other documents as COMPANY shall reasonably request in form and substance satisfactory to COMPANY.

(e) FRANCHISEE shall have paid to COMPANY a transfer fee in an amount equal to \$15,000 for the training, supervision, administration, accounting, legal, and or other expenses of COMPANY in connection with the assignment and transfer.

(f) FRANCHISEE shall have paid to COMPANY all monies due and payable pursuant to this Agreement.

(g) FRANCHISEE not retaining a security interest in the Franchise or any subsequent franchise granted to the purchaser and agreeing that all obligations of the purchaser under or pursuant to any promissory notes or agreements between FRANCHISEE and the purchaser shall be subordinate to the obligations of the purchaser to pay all monies due to COMPANY.

(h) FRANCHISEE shall have agreed in writing to remain obligated under the covenants contained in Section 18 hereof as if this Agreement had terminated on the date of transfer.

(i) FRANCHISEE has executed a general release of all claims against COMPANY arising out of or related to this Agreement and the obligations and performance of COMPANY pursuant to it; provided however, that all rights enjoyed by FRANCHISEE and any causes of action arising in its 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 paragraph that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

16.04 In the event that COMPANY does not approve such purchaser, then FRANCHISEE may not proceed with the sale of the Franchised Business or of shares of stock to such proposed purchaser. Further, in such event, FRANCHISEE shall not be relieved of his/her obligations under this Franchise Agreement, and FRANCHISEE shall continue to be fully bound by its terms until the termination of this Agreement in the manner and upon the conditions as provided herein.

16.05 Any change by operation of law or otherwise, on one or more occasion, of the control or ownership of shares of any class of outstanding stock of a corporate FRANCHISEE or its parent, either beneficial or of record, whether by merger, consolidation or otherwise, or of any interest in the partnership of a partnership FRANCHISEE, or sale of assets other than in the ordinary course of business shall constitute an assignment of this Agreement and shall be subject to the provisions of this Agreement regarding assignment.

16.06 The Franchise granted by COMPANY pursuant to this Agreement is personal in nature. FRANCHISEE, and all guarantors shall remain at all times personally responsible for the performance of all obligations required to be performed by FRANCHISEE pursuant to this Agreement. No sale, assignment, transfer, conveyance, encumbrance or gift of an interest in this Agreement, or in a Franchise granted hereby, shall relieve FRANCHISEE, its shareholders or partners or guarantors, from the obligations of FRANCHISEE hereunder except with the express written agreement to the contrary of COMPANY, which will not be unreasonably withheld as to all obligations arising from and after a sale, assignment, transfer, conveyance, encumbrance or gift to an unrelated third party other than those which apply following termination or expiration of this Agreement.

16.07 FRANCHISEE, if an individual or partnership, may, and upon the request of COMPANY shall assign and transfer this agreement and all of the rights hereunder to a corporation wholly owned by FRANCHISEE, provided: (i) the individual FRANCHISEE (or each partner, if a partnership) remains liable for all obligations of FRANCHISEE hereunder, (ii) a fully executed assignment and assumption, in form and substance acceptable to COMPANY, is delivered by FRANCHISEE to COMPANY, (iii) the corporation is newly organized (within thirty (30) days of the proposed transfer) and duly incorporated and proof thereof is furnished to COMPANY, (iv) the person(s) signing this Agreement as FRANCHISEE and FRANCHISEE's spouse and adult children shall be the owner(s) of all of the outstanding voting stock of the assignee corporation and the sole directors, (v) FRANCHISEE is the principal executive and operating officer of said corporation, (vi) the activities of said corporation are confined exclusively to the operation of the Franchised Business or any other business franchised or licensed by COMPANY to FRANCHISEE and (vii) the name of said corporation shall not include the Marks and shall be as set forth on Schedule I.

16.08 In the event of the death or incapacity of an individual FRANCHISEE, or any partner or shareholder or member of FRANCHISEE if it is a partnership or corporation, the COMPANY may terminate this Agreement unless, within six (6) months of such event, the heirs, beneficiaries, devisees, or legal or personal representatives of said individual, partner or shareholder, together with all surviving partners or shareholders:

(a) Request the right from COMPANY, in writing, to continue to operate the Franchised Business, which request shall be granted by COMPANY, and no further transfer shall be required, provided the party who is to operate the Franchised Business in COMPANY'S determination, is reasonably capable of doing so; or

(b) Sell, assign, transfer, or convey FRANCHISEE's interest in and to this Agreement in compliance with the provisions of this Section 16 (provided, however, that if a proper and timely application for the right to continue to operate has been made and rejected, the six (6) months permitted in this Section 16.08 (b) to sell, assign, transfer or convey shall be computed from the date of such rejection).

17. DEFAULT; TERMINATION

17.01 It shall be an event of default ("Event of Default") if:

(a) FRANCHISEE fails to make any payment, when due, required by the terms of this Agreement or any other agreement between COMPANY and FRANCHISEE, or violates any other term, provision or condition of this Agreement or any other agreement between COMPANY and FRANCHISEE, and such failure or violation continues for more than fifteen

(15) days (or such longer period as may be required by law) after notice from COMPANY to FRANCHISEE;

(b) FRANCHISEE files a petition in bankruptcy or a petition in bankruptcy is filed against FRANCHISEE, which is not vacated after prompt and diligent effort to do so, or if FRANCHISEE files a petition for any relief under the United States Bankruptcy Act, or any state statute for protection against creditors, or FRANCHISEE becomes bankrupt or insolvent, or makes an assignment for the benefit of its creditors, or FRANCHISEE discontinues the Franchised Business, or a receiver is appointed over the operation of the Franchised Business and is not removed after prompt and diligent efforts to do so;

(c) a judgment is obtained against FRANCHISEE and is not satisfied or bonded within fifteen (15) days after entry thereof;

(d) FRANCHISEE after using its best efforts to do so, is unable to maintain or renew any license or permit required or which may be required for operation of the Franchised Business by any state or jurisdiction where the Franchised Business is to be located or any license or permit is suspended or revoked, and all appeals therefrom have been exhausted or the time to exercise such appeals has elapsed;

(e) FRANCHISEE or any officer, director, partner, member, or principal shareholder of FRANCHISEE is convicted of a felony or the conversion or embezzlement of any property or funds, whether belonging to COMPANY or any other party, or a crime involving moral turpitude;

(f) FRANCHISEE damages the reputation for honesty, fair dealing, integrity, or good moral character of COMPANY;

(g) FRANCHISEE damages the good will of COMPANY or the Marks or any other name, tradename or service mark of COMPANY;

(h) FRANCHISEE attempts to assign or transfer its rights or obligations under this Agreement, or any portion thereof, without the prior written approval of COMPANY or as is specifically permitted hereunder;

(i) FRANCHISEE receives from COMPANY three (3) or more notices to cure defaults or violations of this Agreement in the same calendar year;

(j) FRANCHISEE fails to open the Franchised Business and commence business within the time prescribed by Section 14.02 of this Agreement;

(k) an audit of FRANCHISEE'S books and records reflects an understatement of Gross Receipts as reported to COMPANY of five percent (5%) or more for any year; or

(l) FRANCHISEE fails to satisfactorily complete the Initial Training Program.

(m) FRANCHISEE fails to comply with any decision of an arbitrator of an arbitration conducted pursuant to Article XV.

17.02 (a) Upon the occurrence of an Event of Default COMPANY, at its option, may terminate this Agreement on five (5) days' written notice (or a notice for a longer period of time as may be required by the law of the jurisdiction in which the FRANCHISEE's office is located) without a right to cure, and this Agreement, together with the Franchise granted

hereunder, shall thereupon expire.

(b) Upon the occurrence of an Event of Default which continues for thirty or more days of COMPANY giving FRANCHISEE notice of such default, COMPANY shall have the absolute right without additional notice, to cease providing or making available any or all services and benefits provided for hereunder to FRANCHISEE until FRANCHISEE is current in the payment of fees and the filing of reports and has cured all other defaults. COMPANY's exercise of such right shall not diminish FRANCHISEE's continuing obligations under this Agreement or constitute an actual or constructive termination of this Agreement.

17.03 Upon the termination of this Agreement, whether as a result of an Event of Default or for any other reason, FRANCHISEE shall:

(a) cease to be a FRANCHISEE, cease to operate the Franchised Business and refrain and desist from using the names and marks "F-O-R-T-U-N-E PERSONNEL CONSULTANTS," "FPC" and all other marks, trade names, trademarks, or logos of COMPANY, or such names or logos similar thereto, in any manner whatsoever, including, without limitation, together with other words such as "formerly known as".

(b) promptly change FRANCHISEE's name to a name which does not include the words "F-O-R-T-U-N-E PERSONNEL CONSULTANTS" or "FPC" or any of the Marks or any words similar thereto.

(c) promptly pay to COMPANY all debts, including any outstanding Royalty and Advertising Fund contribution, arising from FRANCHISEE's obligations under this Agreement which shall upon termination for any default by FRANCHISEE include all damages, costs and expenses including reasonable attorney's fees, incurred by COMPANY in obtaining injunctive relief for the enforcement of any provision of this Agreement as a result of the default.

(d) promptly endeavor to collect all accounts receivable and file reports with respect thereto which derive from placements made by FRANCHISEE pursuant to this Agreement whether before or after termination of this Agreement and pay COMPANY any Royalty or Advertising Fund contribution due thereon in the amount and manner required by this Agreement.

(e) deliver to COMPANY (electronically, if so requested by COMPANY) within ten (10) days of termination: (x) all files and records in respect to job orders, job candidates and data provided to FRANCHISEE through the Exchange System; (y) all records, lists and information concerning or relating to accounts, customers, employees and applicants for employment; all clients, contact persons, prospective clients, pending referrals and employees of FRANCHISEE and (z) all other information maintained by FRANCHISEE with respect to said employer-clients, prospective clients, applicants for employment and employees; and all copies of COMPANY's Operating Manual, video tapes, and all other materials bearing the Marks or otherwise belonging to COMPANY.

(f) immediately refrain and desist from the use of the Franchised Business's telephone number or numbers and, at the option of COMPANY, transfer and assign the right to use such number or numbers to COMPANY or COMPANY's designee.

(g) immediately refrain and desist from the use of the office premises from which the Franchised Business was operating and, upon the option of COMPANY, assign to COMPANY or COMPANY's designee the lease and right to use such premises pursuant to which assignment FRANCHISEE shall remain liable for all obligations to landlord accrued or derived

from any date on or before the date of the assignment and COMPANY or COMPANY's designee, whichever is the assignee, shall assume only those obligations accruing after the date of such assignment.

(h) not disclose to any person, firm or corporation any of the trade secrets or confidential data furnished to FRANCHISEE by COMPANY, it being agreed that the term "trade secrets or confidential data" shall mean information communicated to FRANCHISEE by COMPANY and other data and information made available to FRANCHISEE in the operation of the Franchised Business, including, but not limited to, the Operations Manual, bulletins, procedures, practices, forms, instructions, methods of operations, training programs, contracts, employee lists, candidate lists, advertising and sales promotion programs and service programs, and other information so denoted elsewhere in this Agreement.

(i) irrevocably assign and transfer to COMPANY (or to another franchisee or designee of COMPANY) any and all interest FRANCHISEE may have in the Web site maintained in connection with the Franchised Business; to execute any documents and perform any other actions COMPANY requires to effectuate this assignment and transfer and otherwise ensure that all rights in the Web site revert to COMPANY (or to another franchisee or designee of COMPANY); and not to establish any Web site using the Marks or any names similar or confusingly similar to the domain names used in the Business and not to identify itself on any Web site as a former COMPANY franchisee.

17.04 FRANCHISEE shall retain no equity or interest in the Franchise or the Franchised Business following termination for any reason or non-renewal and FRANCHISEE shall receive no payment or compensation whatsoever for any goodwill FRANCHISEE may have established either prior to or during the operation of the Franchised Business.

17.05 Upon Early Termination or a non-renewal of this Agreement, a FRANCHISEE may elect a Buy-Out by paying in a lump-sum a Buy-Out Fee equal to the greater of: (i) three (3) times the Initial Franchise Fee in effect at the time the Buy-Out Notice is given; (ii) two times the highest Royalty paid or accrued for any calendar year prior to giving in notice of election of the Buy-Out; or (iii) \$120,000. Such Notice must be given at the time you elect not to renew pursuant to Section 4.02 of this Agreement or elect Early Termination pursuant to Section 4.03 of this Agreement and paying the Buy-Out. The Buy-Out Fee shall be paid in a lump-sum at the time a FRANCHISEE elects a Buy-Out. A Franchisee who timely elects a Buy-Out, has paid the Buy-Out Fee and does not have an uncured Event of Default pursuant to Section 17.01(a) at the time of the actual termination or expiration of the Franchise Agreement, shall be relieved of FRANCHISEE's obligations pursuant to Sections 17.03 (e)(y), 17.03(f), 17.03(g), 18.02(a), 18.02(c), 18.04(a) and 18.04(b) following the expiration of termination of this Agreement.

18. COVENANT NOT TO COMPETE

18.01 Throughout the term of this Agreement, neither FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall own, maintain or have any interest in or otherwise participate or engage in, either directly or indirectly, by itself or in conjunction with any other person or entity, any permanent or contract placement business, the temporary help service business, employment consulting business, executive search business, out-placement service or any other personnel recruitment business whether as partner, stockholder, officer,

director, employee, representative or in any other capacity, except if such other business is franchised by COMPANY.

18.02 (a) Throughout the term of this Agreement, and for a period of one year after either termination, regardless of cause of the termination, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall divert, or attempt to divert, any business of, or any customers or candidates for employment of, the Business to any other competitive establishment, by direct or indirect inducement or otherwise.

(b) Throughout the term of this Agreement, and for a period of one year after either termination, regardless of cause of the termination, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall divert, or attempt to divert, any business of, or any customers or candidates for employment of, any other franchisee or affiliate of the COMPANY to any other competitive establishment, by direct or indirect inducement or otherwise.

(c) Throughout the term of this Agreement, and for a period of two years after either termination, regardless of cause of the termination, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall, directly or indirectly, seek for employment, employ or attempt to employ any person who is at the time employed by the Business and who would be able to share or use any information regarding job opportunities or job candidates, confidential information, knowledge, trade secrets, proprietary information, or private processes of COMPANY, or otherwise directly or indirectly induce such persons to leave their employment.

(d) Throughout the term of this Agreement, and for a period of two years after either termination, regardless of cause of the termination, or non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall, directly or indirectly, seek for employment, employ or attempt to employ any person who is at the time employed by any franchisee or affiliate of COMPANY and who would be able to share or use any information regarding job opportunities or job candidates, confidential information, knowledge, trade secrets, proprietary information, or private processes of COMPANY, or otherwise directly or indirectly induce such persons to leave their employment.

18.03 Throughout the term of this Agreement and either after its termination, regardless of the cause of termination, or upon non-renewal, neither FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall communicate, divulge or use for the benefit of any other person, partnership, association or corporation any confidential information, knowledge, trade secrets, proprietary information, or private processes of COMPANY or any information or knowledge concerning the methods of operation utilized in the Business.

18.04 (a) FRANCHISEE acknowledges being advised that all franchisees of COMPANY advertise, seek clients and candidates for employment and effect and make placements throughout the United States. Accordingly, for a period of one (1) year after either the termination of this Agreement, regardless of the cause of termination, or non-renewal neither FRANCHISEE nor any of its officers, directors, shareholders or partners, shall enter into the permanent placement business, the employment consulting business, executive search business, out-placement service, or engage in other related activities, whether as a partner, stockholder, officer, director, employee, representative, or in any other capacity, within the United States.

(b) In addition, for a period of one (1) year after the termination of this Agreement, regardless of the cause of termination, or non-renewal, neither the FRANCHISEE

nor any of its officers, directors, shareholders, members or partners shall enter into the contract placement or temporary help service business, whether as partner, stockholder, officer, members, director, employee, representative or in any other capacity within the Territory.

(c) FRANCHISEE agrees that for a period of one (1) year after the termination of this Agreement, regardless of the cause of termination or non-renewal, neither the FRANCHISEE nor any of its officers, directors, shareholders, members or partners shall (i) share or use any information regarding job opportunities or job candidates revealed by or in any manner derived from COMPANY's franchisees or affiliates, or (ii) engage in cooperative job placements with any of COMPANY's franchisees or affiliates.

18.05 FRANCHISEE acknowledges that the covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on FRANCHISEE, since FRANCHISEE has other considerable skills, experience and education which afford FRANCHISEE the opportunity to derive income from other endeavors and since FRANCHISEE in operating the Franchised Business, as are all franchisees of COMPANY, is able to and in fact advertises and does business with client companies and candidates for employment throughout the United States.

18.06 For the purposes of this Section 18, FRANCHISEE agrees that any conduct of FRANCHISEE's spouse or a member of FRANCHISEE's immediate family, which if committed by FRANCHISEE would be a breach hereof, shall be deemed a breach hereof.

18.07 The COMPANY's right to obtain injunctive relief is subject to the Non-Waiver Provisions of New York General Business Law Section 687.4 and 687.5.

19. INDEMNIFICATION

19.01 FRANCHISEE agrees at its cost to protect, defend, indemnify and hold COMPANY, its parent if any, or any affiliate or subsidiary corporation, or assigns, and their respective directors, officers and shareholders, jointly and severally harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred (including without limitation attorneys' and accountants' fees), in connection with any action, suit, proceeding, claim, demand, investigation or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement thereof, as a result of, arising out of, or connected with the operation of the Franchised Business. This indemnity shall in no way be limited by the existence or non-existence of insurance coverage and shall also apply to claims, actions, proceedings, damages, costs, expenses and other losses and liabilities not covered either under deductible provisions of such insurance coverage or in excess of insurance coverage required hereunder or otherwise not covered.

For the purpose of this Section 19.01, the indemnification shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgment, compensation for damages to COMPANY's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

FRANCHISEE agrees to give COMPANY notice of any such action, lawsuit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of FRANCHISEE, COMPANY may elect to assume (but under no circumstance is obligated to undertake) the

defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that the COMPANY will seek the advice and counsel of FRANCHISEE and shall keep FRANCHISEE informed, with regard to any such proposed or contemplated settlement(s). Such an undertaking by COMPANY shall in no manner or form diminish FRANCHISEE's obligation to indemnify COMPANY and to hold it harmless.

20. ARBITRATION; REMEDIES

20.01 Except as provided in Section 20.02 below, the COMPANY and FRANCHISEE agree that any and all disputes between them, and any claim by either party that cannot be amicably settled (including tort as well as contract claims, claims based upon any Federal, state, or local statute, law, order, ordinance, or regulations, and claims arising from any relationship prior to, at the time of entering, during the term of, or upon or after expiration or termination of this Agreement) except for claims relating to the Marks or other service marks or commercial symbols of COMPANY, shall be determined solely and exclusively by arbitration under the Federal Arbitration Act, as amended, and in accordance with the rules then obtaining of the American Arbitration Association or any successor at its office located in the City and State of New York, or in the city and state nearest COMPANY's principal place of business as selected by the Company, unless the parties otherwise agree in writing. The arbitrator(s) may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; or (iii) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance set by COMPANY in good faith. The arbitrator(s) shall be limited to the issues in dispute between the COMPANY and the FRANCHISEE and a dispute between any other franchisee and the COMPANY shall not be considered in the same arbitration proceeding or by the same arbitrator(s). The parties shall each bear their own expense including but not limited to all fees and expenses of the arbitrator(s), the American Arbitration Association, attorneys and accountants. Judgment upon any award of the arbitrator(s) shall be conclusive and binding, and shall be entered in a court of competent jurisdiction.

20.02 FRANCHISEE acknowledges that its personnel recruitment franchise is one of a number of offices using COMPANY's service marks and style of conduct and that the failure on the part of FRANCHISEE to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other offices franchised or operated by COMPANY and to COMPANY's business. Therefore, FRANCHISEE agrees that upon the happening of any Event of Default set forth in Section 17.01, or in the event of a threatened breach by FRANCHISEE of any of the terms of this Agreement, COMPANY shall have the immediate right to secure a court order enjoining any such default or threatened breach. If this Agreement shall have been terminated, FRANCHISEE may be enjoined from any continued operation of any office franchised under this Agreement and/or the Franchised Business. This covenant shall be independent and severable and shall be enforceable notwithstanding any other rights or remedies that either party may have.

20.03 Each right or remedy granted to COMPANY by this Agreement is cumulative of all other rights or remedies given by this Agreement or by law or equity.

20.04 (a) If a claim for amounts owed by FRANCHISEE to the COMPANY is asserted in any legal proceeding before a court of competent jurisdiction then FRANCHISEE shall not interpose any counterclaim in any such proceeding, and then both parties waive their right, if any, to a trial by jury and each party shall bear their own costs and expenses, including

accounting and attorneys' fees, as are attributable to the defense or prosecution thereof.

(b) In no event shall FRANCHISEE be entitled to make, nor shall FRANCHISEE make any claim, and FRANCHISEE hereby waives any claim, for money damages, nor shall FRANCHISEE claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by FRANCHISEE that COMPANY has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by FRANCHISEE under any of the terms of this Franchise Agreement. FRANCHISEE's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

(c) FRANCHISEE agrees that it will not, on grounds of any alleged nonperformance or breach by COMPANY of any of the provisions of this Agreement, withhold payment of any monies due to the COMPANY. In any action or proceeding commenced by the COMPANY for monies owed to it by FRANCHISEE, FRANCHISEE will not interpose and waives the right to interpose any counterclaim or to remove such action to any other court or to consolidate such action with any other action in that court, or in any other court whether brought prior or subsequent to the COMPANY's action.

21. MISCELLANEOUS

21.01 This Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to the rules of conflict of laws. Except as provided in Section 20.01, any action arising out of this Agreement may only be brought in any court of the State of New York located in Nassau County, New York, or in the United States District Court for the Eastern District of New York and the parties irrevocably consent to the personal jurisdiction of all such courts.

21.02 Each provision of this Agreement shall be considered severable and if for any reason any provision is deemed to be invalid or contrary to an existing or future law or regulation, it shall not impair the operation or affect the remaining provisions of this Agreement, which shall continue to be given full force and effect, and any invalid provision shall be deemed not to be a part of this Agreement. If any one or more provisions of this Agreement is found to be unreasonably restrictive by a court of competent jurisdiction, then such provisions shall be modified by the court so that they apply to the maximum extent permitted by law, and any such modification shall not affect the validity of any other provision contained in this Agreement. Notwithstanding the foregoing, if COMPANY determines that any such determination by a court adversely affects the basic consideration of the Agreement, COMPANY at its option, may terminate this Agreement.

21.03 All notices required or desired to be given under this Agreement shall be in writing and given by personal delivery, registered mail, return receipt requested, or nationally recognized overnight delivery service. Notice shall be delivered to COMPANY and FRANCHISEE at their respective addresses set forth above or at such other address as either shall designate in accordance with this Section. Notice shall be deemed given when delivered, if delivered in person; on the next business day, if delivered by nationally recognized overnight delivery service; and on the second business day following deposit in the mail, if given by registered mail.

21.04 Nothing contained in this Agreement shall constitute or be construed to constitute a partnership or joint venture between the parties and neither FRANCHISEE or

COMPANY shall have the right to obligate or bind the other in any manner whatsoever, and nothing herein contained shall be deemed or intended to give any right of any kind to any third parties. It is understood that neither FRANCHISEE nor any individual whose compensation for service is paid or required to be paid by FRANCHISEE is in any way, directly or indirectly, expressly or by implication construed to be an employee or agent of the COMPANY for any purpose, and particularly with respect to any tax or contributions or requirement or withholding levied or fixed by any city, state or federal agency.

21.05 No waiver, modification, or cancellation of any term of this Agreement shall be effective unless in writing signed by both parties except that the Operations Manual maybe revised by COMPANY in its discretion as otherwise set forth herein. If following execution of this Franchise Agreement, FRANCHISEE requests modification or amendment of this Franchise Agreement it shall pay COMPANY'S legal fees in connection with COMPANY's agreement thereto. The COMPANY will not modify the Operations Manual if the modification unreasonably increases a FRANCHISEE's obligations under the Franchise Agreement or imposes an unreasonable economic burden on a FRANCHISEE. No failure of COMPANY to exercise any power to it under this Agreement or to insist upon strict compliance by FRANCHISEE with any provision under this Agreement shall constitute a waiver of COMPANY's right to demand future compliance with each and every term of this Agreement. Waiver by COMPANY of a default by FRANCHISEE shall not affect or impair COMPANY's rights with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, or omission of COMPANY to exercise any power or right arising from a breach or default by FRANCHISEE of any of the terms or provisions of this Agreement effect or impair COMPANY's rights, nor shall it constitute a waiver by COMPANY of any right or the right to declare any subsequent breach or default. The acceptance by COMPANY of payments due to it by FRANCHISEE shall not be deemed to be a waiver by COMPANY of any prior breach or default of this Agreement by FRANCHISEE.

21.06 This Agreement and the documents referred to herein shall be construed together and constitute the entire, complete agreement between COMPANY and FRANCHISEE with respect to the subject matter hereof. The parties agree that this Agreement supersedes all prior agreements and that there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein which shall have any force or effect with reference to this Agreement, provided however, this will not apply to any representations contained in the Franchise Disclosure Document delivered to franchisee pursuant to Federal or State law.

21.07 This Agreement shall become effective upon its acceptance in New York, New York by an authorized officer of COMPANY, which acceptance shall be evidenced by the execution of this Agreement by such authorized officer and the delivery to FRANCHISEE of a fully executed copy.

21.08 Notwithstanding anything contained in this Agreement to the contrary, COMPANY shall not be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by: (i) strikes or other labor disturbance; (ii) acts of God, or the public enemy, riots or other civil disturbances, fire, or flood; (iii) interference by civil or military authorities; (iv) compliance with governmental laws, rules or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement; or (v) any other fault beyond its control or without its fault or negligence. In any such event, the time required for performance of such obligation shall be

extended for an additional period equal to the period of time caused by such unavoidable delay.

21.09 Any provisions of this Agreement which impose an obligation after termination of this Agreement shall survive the termination of this Agreement and be binding on the parties.

21.10 Notwithstanding any applicable Statute of Limitations to the contrary, the parties agree that any and all claims and actions arising out of or relating to this Agreement, the relationship between FRANCHISEE and COMPANY or FRANCHISEE's operation of the Franchised Business shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action. Provided, however, that this Section 21.10 shall not apply to COMPANY's rights under Sections 7.02 or 7.03 of this Agreement which may be exercised at any time or to claims arising out of inspections or audits pursuant to Sections 7.02 or 7.03.

22. PERSONAL GUARANTY

22.01 The undersigned officers, directors, members, shareholders or partners of FRANCHISEE, as applicable, each agrees to be bound by and personally guarantees the performance of all of the obligations of FRANCHISEE pursuant to this Agreement.

23. NO WAIVER

23.01 NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

24. STATE ADDENDUM

24.01 FRANCHISEES in states with an Addenda attached to Schedule III of this Franchise Agreement, execute the Addenda for his/her state which upon execution becomes part of this Franchise Agreement and supersedes any inconsistent provisions.

25. ELECTRONIC SIGNATURES

25.01 The parties acknowledge and agree that this Franchise Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, "electronic signature" shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year written above.

F-O-R-T-U-N-E FRANCHISE CORPORATION

By: _____
President

FRANCHISEE

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

The undersigned, officers, directors, members, shareholders or partners of FRANCHISEE, as applicable, hereby personally guarantee to COMPANY the due performance of each and every obligation of FRANCHISEE in accordance with this Agreement.

Individually and Personally

Individually and Personally

Individually and Personally

SCHEDULE I

FRANCHISED TERRITORY

A. Corporate and Trade Name:

If FRANCHISEE is, or when FRANCHISEE becomes, a corporation, the name of the corporate FRANCHISEE shall be _____ and its trade name "F-O-R-T-U-N-E PERSONNEL CONSULTANTS of _____",
_____(2)" or "FPC of _____ (1),
_____(2)" with blank space (1) containing the name of a town or city located within thirty (30) miles of FRANCHISEE's office, provided no part of said town or city is contained in another franchisee's territory, in which event, blank space (1) shall be completed as designated by COMPANY, and blank space (2) containing the two-letter abbreviation for the state in which the Territory is contained. No other names shall be utilized by FRANCHISEE without the prior written approval of COMPANY.

B. Office Location:

FRANCHISEE's office for its Franchised Business shall be located within the following city: _____ (the "City"). The exact location of the office within the City is subject to COMPANY's prior written approval.

C. Territory:

FRANCHISEE's territory, referred to in Section 1.01 of the Franchise Agreement is described as follows:

F-O-R-T-U-N-E FRANCHISE CORPORATION

By: _____

President

FRANCHISEE

By: _____

Name: _____

Title: _____

_____ By:

Name: _____

Title: _____

SCHEDULE II

OFFICE CLERICAL AND ADMINISTRATIVE PERSONNEL

Clerical office personnel as defined in divisions “20” through “24” of the Dictionary of Occupational Titles, Fourth Edition, 1977, issued by the United States Department of Labor, Employment and Training Administration.

SCHEDULE III

STATE ADDENDA

INDIANA ADDENDUM
FOR INDIANA RESIDENTS

This Addendum to the Franchise Agreement and Disclosure Document is agreed to by and among F-O-R-T-U-N-E FRANCHISE CORPORATION and the Franchisee identified below:

Indiana law governs the Franchise Agreement(s).

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10)). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

Signature Page Follows

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year written above.

F-O-R-T-U-N-E FRANCHISE CORPORATION

By: _____
President

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The undersigned, officers, directors, members, shareholders or partners of FRANCHISEE, as applicable, hereby personally guarantee to COMPANY the due performance of each and every obligation of FRANCHISEE in accordance with this Agreement.

Individually and Personally

Individually and Personally

Individually and Personally

EXHIBITS TO FRANCHISE AGREEMENT

EXHIBIT B

AUDITED FINANCIAL STATEMENTS

FORTUNE FRANCHISE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2024

**FORTUNE FRANCHISE CORPORATION
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DECEMBER 31, 2024**

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BENDER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL PLANNERS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fortune Franchise Corporation

Opinion

We have audited the accompanying financial statements of Fortune Franchise Corporation, (a New York S Corporation), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, retained earnings, and cash flows for the years ended December 31, 2024, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fortune Franchise Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the three years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fortune Franchise Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fortune Franchise Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supporting Schedule of Costs of Operations, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Bender & Associates, CPAs
Certified Public Accountants
Mount Kisco, New York
March 25, 2025

FORTUNE FRANCHISE CORPORATION, INC
BALANCE SHEETS
As of December 31,

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 64,579	\$ 166,178
Restricted cash - National Advertising Fund	47,071	51,326
Accounts Receivable net of Allowances	139,578	152,660
of \$30,000 and \$15,000 as of December 31, 2024 and 2023 respectively		
Accounts Receivable - National Advertising Fund	16,901	1,188
Prepaid Expense	8,650	13,336
Notes Receivable	38,797	63,898
Due from FPC-NY	311,965	285,824
Investments	106,931	101,056
TOTAL CURRENT ASSETS	<u>734,472</u>	<u>835,466</u>
OTHER ASSETS		
Acquired Intangibles	177,984	177,984
Right of Use Asset	237,772	
Security Deposits	35,000	35,000
TOTAL OTHER ASSETS	<u>450,756</u>	<u>212,984</u>
TOTAL ASSETS	<u><u>\$ 1,185,228</u></u>	<u><u>\$ 1,048,450</u></u>
LIABILITIES & EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Accrued Expenses	\$ 137,800	\$ 64,276
Accounts Payable - National Advertising Fund	56,508	57,137
Loans & Exchanges	61,404	64,205
Deferred Income	47,775	51,425
Deferred Rent Payable	-	25,088
ST Lease Liability	104,955	
Loan Payable	50,000	5,000
TOTAL CURRENT LIABILITIES	<u>458,442</u>	<u>267,131</u>
LONG TERM LIABILITIES		
Deferred Income	208,712	227,737
LT Lease Liability	157,516	
TOTAL LONG TERM LIABILITIES	<u>366,228</u>	<u>227,737</u>
TOTAL LIABILITIES	<u>\$ 824,670</u>	<u>\$ 494,868</u>
SHAREHOLDERS' EQUITY		
Common Stock - 200 shares authorized at no par value	100,000	100,000
100 shares, issued and outstanding		
Other Comprehensive Income(Loss)	1,019	726
Retained Earnings	259,539	452,856
TOTAL SHAREHOLDERS' EQUITY	<u>360,558</u>	<u>553,582</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 1,185,228</u></u>	<u><u>\$ 1,048,450</u></u>

FORTUNE FRANCHISE CORPORATION, INC
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31,

	2024	2023	2022
REVENUES	\$ 1,122,970	\$ 1,281,058	\$ 1,737,656
COST OF OPERATIONS	<u>1,137,130</u>	<u>1,234,016</u>	<u>1,152,197</u>
INCOME FROM OPERATIONS	(14,160)	47,042	585,459
INTEREST AND INVESTMENT INCOME	<u>25,582</u>	<u>6,315</u>	<u>1,497</u>
INCOME BEFORE TAXES	11,423	53,357	586,956
(PROVISION FOR) BENEFIT FROM INCOME TAXES	<u>(17,382)</u>	<u>(38,455)</u>	<u>(2,500)</u>
NET INCOME (LOSS)	<u>\$ (5,959)</u>	<u>\$ 14,902</u>	<u>\$ 584,456</u>

FORTUNE FRANCHISE CORPORATION, INC
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	Shares	Common Stock Amount	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2022	100	\$ 100,000	\$ 712,333	\$ 812,333
Net Income for the Year Ended December 31, 2022			584,456	584,456
Shareholder distributions			(556,409)	(556,409)
Balance at December 31, 2022	<u>100</u>	<u>\$ 100,000</u>	<u>\$ 740,381</u>	<u>\$ 840,381</u>
Net Income for the Year Ended December 31, 2023			14,902	14,902
Other Comprehensive Income(Loss)			725	725
Shareholder distributions			(302,426)	(302,426)
Balance at December 31, 2023	<u>100</u>	<u>\$ 100,000</u>	<u>\$ 453,582</u>	<u>\$ 553,582</u>
Net Income for the Year Ended December 31, 2024			(5,959)	(5,959)
Other Comprehensive Income(Loss)			293	293
Prior Period Adjustment			(3,834)	(3,834)
Shareholder distributions			(183,524)	(183,524)
Balance at December 31, 2024	<u>100</u>	<u>\$ 100,000</u>	<u>\$ 260,558</u>	<u>\$ 360,558</u>

FORTUNE FRANCHISE CORPORATION, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES			
Net Income (Loss)	\$ (5,959)	\$ 14,902	\$ 584,456
Changes in assets and liabilities:			
Accounts Receivable	13,082	77,741	31,167
National Advertising Fund Receivables	(15,713)	-	18,422
Notes Receivable	25,101	(54,422)	27,730
Prepaid Expenses	4,686	63,060	10,298
Due from FPC of NYC	(26,141)	(117,045)	(74,781)
Right of Use Asset	(237,772)	-	-
Accounts Payable & Accrued Expenses	72,895	8,578	11,704
Loans & Exchanges	(2,801)	17,016	13,750
Deferred Income	(22,675)	35,300	7,904
Deferred Rent Payable	(28,922)	(2,325)	(204)
Lease Liability	262,471		
Net cash provided by Operating Activities	\$ 38,252	\$ 42,805	\$ 630,446
INVESTING ACTIVITIES			
Purchases of Investments	(5,582)	(50,330)	(50,000)
Net cash (used by) Operating Activities	\$ (5,582)	\$ (50,330)	\$ (50,000)
FINANCING ACTIVITIES			
Loan Payable - Valley Bank	45,000	-	-
Distributions	(183,524)	(302,426)	(556,409)
Net cash (used by) Financing Activities	(138,524)	(302,426)	(556,409)
Cash and restricted cash increase (decrease) for the ye	(105,854)	(309,951)	24,038
Cash and restricted cash at beginning of period	217,504	527,454	503,416
Cash and restricted cash at end of period	\$ 111,650	\$ 217,504	\$ 527,454
Cash	\$ 64,579	\$ 166,178	\$ 444,485
Cash in National Advertising Fund	47,071	51,326	82,969
Supplementary Information:			
Cash used for:			
Interest	5,401	477	562
Income Taxes	17,382	38,455	2,500

FORTUNE FRANCHISE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Fortune Franchise Corporation (“FFC”) was incorporated in New York State on December 21, 2006 under the name RHH Corporation (“RHH”). It operates as a national franchisor of personnel recruiting for permanent placement of middle management and executive level positions within the general business communities of the continental United States. On March 15, 2007, RHH changed its name to Fortune Franchise Corporation (the “Company”).

At December 31, 2024 and 2023, fifty-nine and sixty-two franchises respectively, and one company with common ownership, were operating under the trademarks F-O-R-T-U-N-E Personnel Consultants and FPC. At December 31, 2022, there were sixty-one operating franchises plus one company with common ownership.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842) which, among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases. The ASU has impacted the financial statements as the Company has certain operating leases for which it is the lessee. The effective date for this standard was for fiscal years beginning after December 15, 2021, with early adoption permitted; the Company adopted the pronouncement with an effective date of January 1, 2022 reflected as a prior period adjustment in the year ended December 31, 2024.

Basis of Presentation

These financial statements were prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents, for cash flow purposes.

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, judgments and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities at the date of the financial statements and for the year then ended. Actual results could differ from those estimates.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (“Topic 606”) and has since issued various amendments which provide additional clarification and implementation guidance on Topic 606. This guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The Company adopted Topic 606 on January 1, 2019 using the modified retrospective transition method and recorded a decrease to opening Shareholders’ Equity of \$211,688. The adoption of this standard update resulted in no tax impact. The Company adopted Topic 606 only for contracts with remaining performance obligations as of January 1, 2019, under the modified retrospective transition method.

FORTUNE FRANCHISE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The adoption changed the timing of recognition of initial franchise fees, development fees, the reporting of advertising fund contributions and related expenditures.

FFC receives revenues from the following sources:

1. Royalties based upon a percentage of placement fees generated by the franchises, which are accrued as earned. Adoption of ASC 606 did not change when the royalty income is recognized, the new guidance did not impact the recognition of royalty income.
2. Under ASC 605, initial franchise fees based on the sale price of a particular franchise were deferred until the office opened and were recognized as revenue in their entirety on that date. Under the adoption of Topic 606, the Company determined that certain pre-opening activities, and the franchise rights and related ongoing services, represented two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations under a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to pre-opening activities, such as training and software, is recognized when (or as) these services are performed. Revenue allocated to franchise rights and ongoing services is deferred until the office opens, and recognized on a straight line basis over the duration of the agreement, as this ensures recognition aligns with the customer's access to the franchise rights.
3. Franchise transfer fees which are accrued when the transfer of an existing franchise to a new owner takes place.

During the year ended December 31, 2024, FFC recorded \$52,672 in initial franchise fees and \$5,000 in franchise transfer fees. For the years ended December 31, 2023 and 2022, initial franchise fees amounted to \$50,700 and \$44,100 respectively, and were included in revenues. Franchise transfer fees amounted to \$15,000 and \$20,000 for the years ended December 31, 2023 and December 31, 2022.

FORTUNE FRANCHISE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of the Adoption of ASC 606

The adoption changed the timing of recognition of initial franchise fees, the reporting of advertising fund contributions and related expenditures.

In accordance with the new revenue standard requirements, the following table summarizes the effects of the new standard on the Company's Statement of Operations and Comprehensive Income for the year ended December 31, 2024.

	<u>As reported</u> <u>December</u> <u>31, 2024</u>	<u>Effects of</u> <u>change due</u> <u>to ASC 606</u>	<u>Balance</u> <u>without ASC</u> <u>606</u> <u>adoption</u>
Royalty income	\$ 940,849	\$ -	\$ 940,849
Franchise fees	52,675	(22,675)	30,000
Transfer fees	5,000	-	5,000
Training fees	44,000	-	44,000
Software fees	6,000	-	6,000
Consulting Fees	-	-	-
Administrative revenue	74,446	-	74,446
Other income	-	-	-
	<u>\$ 1,122,970</u>	<u>\$ (22,675)</u>	<u>\$ 1,100,295</u>

Accounts Receivable

Franchisor accounts receivable are stated at the amount management expects to collect on balances. Management closely monitors outstanding balances and writes off, as of year-end, all balances past due after a certain period of time and for which all collection efforts have been exhausted. FFC reviews a franchisee's royalty payment history and establishes an allowance account for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other pertinent data. As of December 31, 2024, management has established an allowance for doubtful accounts of \$30,000. The allowance for doubtful accounts as of December 31, 2023 was \$15,000.

Depreciation

Depreciation expense is provided for using the straight-line method over the estimated useful lives of the related assets. For the years ended December 31, 2024, 2023, and 2022 depreciation expense was \$0, respectively.

FORTUNE FRANCHISE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Lived Assets

The intangible asset reflected on the balance sheet is entirely goodwill. Long-Lived assets that are used in operations are periodically tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recognition of a potential impairment loss is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount on a Long-Lived asset exceeds its estimated fair value. As at December 31, 2024, no such adjustments were recorded. On March 15, 2007, substantially all of the assets and going concern subject to related liabilities were acquired under the terms of a purchase agreement with the entity that had previously operated FFC's business for thirty-four years. In conjunction with that purchase, the Company acquired Goodwill in connection with the purchase of certain assets from the previous owner. Approximately \$178,000 was not subjected to amortization, as management believes that the assets have retained their value. Based upon discussions with management, goodwill was not amortized as the business continues to be viable and the goodwill is still a saleable asset.

Advertising

FFC accounts for advertising expenses by deducting amounts as they are incurred separate from the advertising fund. For the years ended December 31, 2024, 2023, and 2022, no advertising expense was incurred on behalf of the Company.

Concentration of Credit Risk

FFC is subject to credit risk through its temporary and restricted cash.

At various times during the year, cash and cash equivalents exceeded insured cash levels from its temporary cash account balances. In order to reduce credit risk, the Company opened a separate bank account in 2023 to obtain FDIC insurance on all or most of its deposits.

FFC monitors the amount of credit risk exposure by reviewing the performance of these accounts, and the relative market conditions, on a regular basis.

Income Taxes

The Company has elected to be treated as an "S" corporation under the applicable provisions of the Internal Revenue Code. Accordingly, the shareholders are required to report separately their distributive shares of the Company's income to Federal tax authorities. In addition, the Company has elected "S" corporation status for New York State tax purposes and, accordingly, the Company pays the minimum rate of New York State tax. Other state and local taxes are recorded as incurred. At December 31, 2024, there were no net state and local taxes payable.

The Company's income tax returns are subject to examination by the appropriate tax jurisdiction. As of December 31, 2024, the Company's federal and various state tax returns generally remain open for the last three years.

FORTUNE FRANCHISE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

At December 31, 2024, the Company held \$106,931 of investments at fair value, as follows:

<u>Financial Asset</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks, options & ETF's	\$ 14,861			\$ 14,861
Fixed income securities	88,009			88,009
Bonds	4,061			4,061
Total	\$ 106,931	\$ -	\$ -	\$ 106,931

The following schedule summarizes the investment return and its classification in the statement of income for the year ended December 31, 2024:

	<u>Total</u>
Dividends and interest income	\$ 24,282
Realized Gain(Loss) on investments	1,300
Total Investment Return	<u>\$ 25,582</u>

The Company's investments are reported at their fair values on the balance sheet. Realized changes in fair value are reported as investment return in the income statement.

Fair Value Measurements

Fair value is the price that would be received to sell an asset in the principal or most advantageous market for the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions market participants would use when pricing an asset. Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [Level 3 measurements]. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (continued)

Fair Value Measurements (continued)

Assets and liabilities that are required to be recorded at fair value on the balance sheet are categorized based on the inputs to valuation techniques as follows:

Level 1	These are assets or liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Company has the ability to access. As of December 31, 2024 these assets include equities, fixed income securities, exchange traded funds, managed portfolios, and mortgage opportunity and bond funds.
Level 2	These are assets or liabilities where values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. As of December 31, 2024, there are no Level 2 assets or liabilities.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2024, there are no Level 3 assets or liabilities.

Fair value measurements for investments reported at fair value on a recurring basis at December 31, 2024, were determined based on:

Marketable equity Securities	Closing quoted price in the relevant stock exchange on the last trading day of the fiscal year
------------------------------	--

The carrying amounts reflected on the balance sheets for cash, receivables, and accounts payable approximate their respective fair values due to the short maturities of those instruments

NOTE 4 – ACCOUNTS RECEIVABLE

As at December 31, 2024, 2023, and 2022 Accounts Receivable, net of Allowances, consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Franchisees - Royalties	\$ 169,578	\$ 167,176	\$ 244,917
Franchisee Exchanges	-	484	484
Franchisees – Allowance	<u>(30,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
	<u>\$ 139,578</u>	<u>\$ 152,660</u>	<u>\$ 230,401</u>

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

In the normal course of selling franchise rights, the Company, in the past and may in the future extend financing to its franchisees for a portion of the amounts incurred during the transaction. Currently the Company finances up to \$15,000 of the initial purchase, which bears a fixed rate of interest at prime plus 2%, at the time the notes are created, and are typically twenty-four months in duration. Previously the Company financed up to 50% of the initial purchase, at a fixed rate of interest at prime plus 2%, at the time the notes were created, and were typically twenty-four months in duration. Management reserves the right to reset the terms and due dates. During the three years ended December 31, 2024, the following occurred:

	Face of Note	Notes Receivable and Accrued Interest Receivable				Total Notes and Interest Due
		<u>1/1/2024</u>	<u>Prior YR Int. Due</u>	<u>CY Int. Due</u>	<u>Collected</u>	<u>Total Interest Due</u>
					\$	
Notes, at January 1, 2024	\$ 215,131	\$ 6,728	\$ -	(157,961)	\$ 6,728	\$ 63,898
Activity on Notes existing at January 1, 2024	(9,477)	-	-	-	-	(9,477)
Added during the year	-	-	3,836	-	3,836	3,836
Written off during the year	-	-	-	-	-	-
Principal payments	-	-	-	(19,460)	-	(19,460)
Notes, at December 31, 2024	<u>\$ 205,654</u>	<u>\$ 6,728</u>	<u>\$ 3,836</u>	<u>\$ (186,898)</u>	<u>\$ 10,564</u>	<u>\$ 38,797</u>
					\$	
		<u>1/1/2023</u>	<u>Prior YR Int. Due</u>	<u>CY Int. Due</u>	<u>Collected</u>	<u>Total Interest Due</u>
Notes, at January 1, 2023	\$ 161,900	\$ 3,738	\$ -	(156,161)	\$ 3,738	\$ 9,477
Activity on Notes existing at January 1, 2023	8,231	-	-	(1,800)	-	6,431
Added during the year	45,000	-	2,990	-	2,990	47,990
Written off during the year	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-
Notes, at December 31, 2023	<u>\$ 215,131</u>	<u>\$ 3,738</u>	<u>\$ 2,990</u>	<u>\$ (157,961)</u>	<u>\$ 6,728</u>	<u>\$ 63,898</u>
					\$	
		<u>1/1/2022</u>	<u>Prior YR Int. Due</u>	<u>CY Int. Due</u>	<u>Collected</u>	<u>Total Interest Due</u>
Notes, at January 1, 2022	\$ 75,900	\$ 3,038	\$ -	\$ (41,731)	\$ 3,038	\$ 37,207
Activity on Notes existing at January 1, 2022	-	-	700	-	700	700
Added during the year	86,000	-	-	-	-	86,000
Written off during the year	-	-	-	-	-	-
Principal payments	-	-	-	(114,430)	-	(114,430)
Notes, at December 31, 2022	<u>\$ 161,900</u>	<u>\$ 3,038</u>	<u>\$ 700</u>	<u>\$ (156,161)</u>	<u>\$ 3,738</u>	<u>\$ 9,477</u>

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES RECEIVABLE AND ACCRUED INTEREST RECEIVABLE (continued)

Future minimum principal and interest collections of these notes, as of December 31, 2024, based upon the current terms for the following years ending December 31, are as follows:

2025	\$38,797
2026	<u>-</u>
Total	\$38,797

NOTE 6 – DUE FROM AFFILIATED COMPANY

The company with common ownership (affiliate) shares office space with FFC. As such, FFC charges rent to the affiliate. The amount of rent charged for the years ended December 31, 2024, 2023, and 2022 was \$25,278, \$28,204, and \$27,916 respectively.

All amounts loaned or repaid are recorded at such time as the loan or repayment takes place and all loans and repayments are made in currency. The purpose is to fund the regular operations of the affiliate as the need arises; the loaned amounts are unsecured. Interest is charged to the affiliate at the short-term applicable Federal rate (AFR) rate in effect at year end. Principal payments are to be made from profits as they become available. Interest income for the years ended December 31, 2024, 2023, and 2022 was \$15,332, \$1,031, and \$434 respectively.

Due from FPC of New York are comprised of the following at December 31, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Due from company with common ownership	\$ 311,965	\$ 285,824	\$ 168,779

There were no other material transactions between these companies.

NOTE 7 - LOANS AND EXCHANGES

Loans and exchanges are comprised of advanced franchisee advertising deposits as follows at December 31, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Advanced franchisee advertising deposits	\$ 61,404	\$ 64,205	\$ 47,189

NOTE 8 – FIXED ASSETS

At December 31, 2024, 2023, and 2022 respectively, fixed assets consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>Estimated Useful</u> <u>Asset Lives</u>
Office and computer equipment	\$ 19,450	\$ 19,450	\$ 19,450	5 – 7 years
Furniture and fixtures	1,927	1,927	1,927	7 years
Website development	<u>9,550</u>	<u>9,550</u>	<u>9,550</u>	5 years
	30,927	30,927	30,927	
Less: Accumulated depreciation	<u>30,927</u>	<u>30,927</u>	<u>30,927</u>	
Total Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – NATIONAL ADVERTISING FUND PAYABLE

FFC invoices its franchisees for advertising costs to be expended at the discretion of management. These funds are restricted for use to fund national and/or regional advertising costs and related expenses. The contribution by the franchisees is non-refundable and (prior to January 1, 2017) amounted to 1% of the franchisee's gross receipts, up to \$1,000 per quarter, per franchisee. Currently the contribution is 1% of gross receipts up to \$4,500 per year, per franchisee.

During the years ended December 31, 2024, 2023, and 2022 the following transactions occurred in the National Advertising Fund:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash – beginning of year	\$ 51,326	\$ 82,969	\$ 55,811
Franchisee contributed funds	108,012	118,734	153,595
Advertising costs	(112,267)	(150,377)	(126,437)
Rebates to franchisees	<u>-</u>	<u>-</u>	<u>-</u>
Cash – end of year	47,071	51,326	82,969
Accounts receivable – franchisees	9,437	5,811	6,180
Accounts payable – advertising costs	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
National Advertising Fund payable	<u>\$ 56,508</u>	<u>\$ 57,137</u>	<u>\$ 89,149</u>

NOTE 10 – FAIR VALUE OF INSTRUMENTS

The Company's financial instruments are comprised of cash, managed investments, notes receivable, and short-term debt.

The recorded value of the Company's notes receivables reflects costs which management believes approximates fair value. The recorded value of long-term debt approximates their fair value, as interest charges approximates market rates and are paid when due.

NOTE 11 – DEBT FACILITY

At September 3, 2014, the Company entered into a new credit agreement, with Valley National Bank (Lender) which currently provides for an uncollateralized line of credit up to \$200,000. The Company will pay the loan in full immediately upon the Lender's demand, if the agreed upon conditions of the agreement are not met. The Company will pay regular monthly payments of all accrued interest due each month. The interest rate of this Note was an initial 4.250% and is currently 9.25%. The Company may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments, however, will not relieve the Company of the Company's obligation to continue to make payments of accrued unpaid interest. As of December 31, 2024, \$50,000 was outstanding.

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEBT FACILITY (continued)

The Company borrowed funds from the majority shareholder for use as working capital. The loan was not secured and there were no stated terms for repayment however the Company paid the loan in full during the year ended December 31, 2022. Interest was charged to the Company at the short-term applicable Federal rate (AFR) in effect at year end, and payments are made quarterly.

NOTE 12 – LEASE ACCOUNTING

The Company had acquired an operating lease for office space in Lake Success, NY which commenced in early 2017. Effective January 1, 2022 the Company adopted ASU 2016-02, Leases (Topic 842) and a prior period adjustment was made using the modified retrospective transition method, which recognizes operating lease right-of-use assets and liabilities for operating leases as of January 1, 2022 based on the present value of lease payments over the lease term. The discount rate used to calculate present value is the risk-free rate of 1.37% at January 1, 2023 as no implicit rate was stated in the lease. The cumulative effect adjustment to the Company's balance sheet as of January 1, 2024 was (\$3,834). The Company also utilized the transition practical expedients allowing no reassessment of lease classification, whether the contracts contain a lease, and initial indirect costs. As of December 31, 2024, approximately \$237,772 in operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of income or cash flows for the year ended December 31, 2024.

The lease period is ten years and four months from February 1, 2017 through May 31, 2027, with minimum lease payments increasing each year. Insurance, utilities and maintenance costs are paid by the Company as incurred, in addition to the monthly minimum lease payments ("MLP"). FFC secured the lease with a deposit of \$35,000. During the year ended December 31, 2024, FFC incurred operating lease expenses amounting to approximately \$76,000 under the lease.

Future annual minimum lease payments are as follows:

<u>Year Ending</u>	Amount
	<u>Current Lease</u>
December 31, 2025	107,772
December 31, 2026	111,274
December 31, 2027	<u>47,695</u>
Total undiscounted cash flows	\$ 266,741
Less: present value discount	<u>(4,271)</u>
Total lease liabilities	<u>\$262,471</u>

Operating lease expense under the above lease for the year ended December 31, 2024 was 100,156, less 24,426 allocated to the related party, FPC-NYC, for a net expense of 75,730.

The exercise of a lease renewal option is at the sole discretion of the Company and has not been included in the measurement of the lease assets and liabilities. The Company calculated its operating right-of-use asset and operating lease liability over the remaining two and five months years using 1.37%, the risk-free rate as of January 1, 2023.

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – LEASE ACCOUNTING (continued)

The following summarizes the line items in the balance sheet which include amounts for the operating lease as of December 31, 2024:

Operating lease right-of-use asset, net of amortization	\$237,772
Current portion of operating lease liability	104,955
Operating lease liability	<u>157,516</u>
Total operating lease liability	\$262,471

NOTE 13 – FRANCHISE BROKERAGE AGREEMENT AND INCENTIVE PROGRAMS

The Company had engaged the services of an independent franchise sales broker. The agreement calls for payment of 50% of initial franchise fees received and 37.5% of the royalties earned and received from franchises sold during the term of the broker's agreement which terminated on June 30th 2021. The terms of the agreement require payments during the initial 10 year franchise agreement. There were \$40,504, \$34,020, and \$77,524 in such fees paid during the years ended December 31, 2024, 2023, and 2022 respectively

Additionally, the Company pays a referral fee to other franchisees that refer potential franchise candidates whose agreements are consummated during the year. The franchise sales broker's fee was reduced by the amount of these referral fees. There was \$11,676, \$20,000, and \$30,000 in such fees paid during the years ended December 31, 2024, 2023, and 2022, respectively.

The Company's Director of Franchisee Development receives a commission on all new franchises he sells which is calculated at 25% of all cash in on initial franchise fees, net of any interest paid by those franchisees that finance the initial franchise fee.

NOTE 14 – 401(K) RETIREMENT PLAN AND OTHER EMPLOYEE BENEFITS

The Company maintains a qualified 401(k) retirement plan which covers substantially all employees meeting certain eligibility requirements. Participants may contribute a portion of their compensation to the plan, up to the maximum amount permitted by law. At the Company's discretion, it can match a portion of the participants' contributions. The Company acts as administrator of the plan and engages outside counsel for assistance with the administration function. Fiduciary funds are impounded and remitted immediately to the Plan. No contributions were accrued or made to the plan during the year.

The Company has also adopted specific Cafeteria Plans for the benefit of all eligible employees. Under these Plans, the employees may voluntarily reduce their taxable gross pay to cover medical costs.

NOTE 15 – SHAREHOLDER DISTRIBUTIONS

As agreed by the Shareholders, certain Distributions are taken from the Company. For the years ended December 31, 2024, 2023, and 2022 such distributions were \$183,524, \$302,426, and \$772,962 respectively.

FORTUNE FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2024, a prior period adjustment to retained earnings was recorded for the adoption of ASU 2016-02, Leases (Topic 842). The correction has no effect on the results of the current years' operations; however, the cumulative effect decreases retained earnings by \$3,834.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions through March 25, 2025, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

The Company expects to pursue arbitration with a franchisee that has gone out of business but still owes the Company fees. While the settlement may not result in 100% collection, management anticipates recovery of a majority of the balance due but has increased the Reserve for doubtful accounts accordingly.

Due to outside litigation against the landlord, the Company was able to terminate their lease two years and three months early, effective February 28, 2025, has engaged a broker, and is actively searching for new office space.

FORTUNE FRANCHISE CORPORATION
SUPPORTING SCHEDULE OF COSTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

Auto & Delivery	\$ 13,923
Bad debt expense	15,000
Bank charges & interest	5,381
Franchise brokerage expense	11,676
Franchise referral fees	40,504
Insurance	38,738
Marketing & personnel	7,966
Meals & fares	29,376
Meetings & conventions	51,579
Office expenses	14,123
Professional fees	75,234
Promotions	3,128
Rent and Operating Lease Expense	75,730
Repairs & maintenance	23,183
Salaries, taxes & benefits	701,410
Telephone, fax & internet	22,359
Utilities	<u>7,820</u>
 TOTAL COST OF OPERATIONS	 <u>\$ 1,137,130</u>

See Independent Accountants' Audit Report and Notes to Financial Statements

EXHIBIT C

STATE ADMINISTRATORS

CALIFORNIA

Department of Financial Protection & Innovation
2101 Arena Blvd
Sacramento, CA 95834
www.dfpi.ca.gov
(916) 445-7205
(866)275-2677

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
King Kalakaua Building
355 Merchant Street
Room 203
Honolulu, HI 96813
http://hawaii.gov/dcca/sec/registration_forms/franchise_forms.html
(808)587-3222

ILLINOIS

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, IL
www.illinoisattorneygeneral.gov/consumers/franchise
(217)782-4465

INDIANA

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
<https://securities.sos.in.gov>
(317)232-6681

MARYLAND

Franchise Examiner
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202
<https://www.marylandattorneygeneral.gov/Pages/Securities/franchise.aspx>
(410)576-6300

NEW YORK

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 15th Floor
New York, NY 10005
(212) 416-8222
<https://ag.ny.gov/bureaus/investor-protection/>

NORTH DAKOTA

Franchise Examiner
Office of Securities Commissioner
14th Floor
600 East Boulevard
Bismarck, ND 58505-0510
www.ndsecurities.com/registrations
Bailey Doll, Franchise Examiner / Fiscal Mgr
(701)328-4712 / (800)297-5214

RHODE ISLAND

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, RI 02920
<https://dbr.ri.gov/divisions/securities>
(401)462-9500

SOUTH DAKOTA

Franchise Administration
Division of Insurance
Securities Regulation
124 S. Euclid Ave, Suite 104
Pierre, SD 57501
<http://dlr.sd.gov/securities>
(605)773-5369

VIRGINIA

Division of Securities and Retail Franchising
State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, VA 23219
www.scc.virginia.gov
(804)371-9911

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
525 West Ottawa Street
Williams Building, 1st Floor
Lansing, MI 48933
www.michigan.gov/ag
(517)335-7567

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
Market Assurance Division
85 7th Place East, Suite 280
St. Paul, MN 55101
<http://mn.gov/commerce/licensees/Register-a-franchise>
(651)539-1500

WASHINGTON

Department of Financial Institutions
Securities Division
Franchise Registrations/Business Opportunities
150 Israel Road SW
Tumwater, WA 98501
www.dfi.wa.gov
(360)902-8700

WISCONSIN

Franchise Administrator
Department of Financial Institutions
Division of Securities
P.O. Box 1768
Madison, WI 53701-1768
www.wdfr.org/fi/securities/franchise
(608)266-2139

EXHIBIT D

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Corporations
320 West 4th Street Suite 750
Los Angeles, CA 90013

HAWAII

Business Registration Department
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street
Honolulu, HI 96813

ILLINOIS

Chief, Franchise Division
Attorney General's Office
500 South Second Street
Springfield, IL 62706

INDIANA

Secretary of State
200 W. Washington Street, #201
Indianapolis, IN 46204

MARYLAND

Maryland Securities Commissioner
Securities Division
200 St. Paul Place
Baltimore, MD 21202

MICHIGAN

Department of the Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street
Lansing, Michigan 48906

MINNESOTA

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

NEBRASKA

Nebraska Department of Banking and Finance
1526 K Street, Suite 300
Lincoln, Nebraska 68508

NEW YORK

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

NORTH DAKOTA

Securities Commission
State of North Dakota
Capitol Building
Bismarck, ND 58505

SOUTH DAKOTA

Department of Commerce and Regulation
Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501-2017

TEXAS

Certified or Regular Mail:

Service of Process
Secretary of State
P.O. Box 12079
Austin, Texas 78711-2079

Overnight Mail or Delivery:

Service of Process
Secretary of State
James E. Rudder Building
1019 Brazos, Room 105
Austin, Texas 78701

OREGON

Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
3865 Wolverine St NE, #1
Salem, OR 97305

RHODE ISLAND

Chief Securities Examiner
Department of Business Regulation
1511 Pontiac Avenue
Cranston, RI 02920
Or
560 Jefferson Blvd
Warwick, RI 02886

VIRGINIA

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

WASHINGTON

Securities Division
Washington Department of Licensing
P.O. Box 9033
Olympia, WA 98507-9033

EXHIBIT E

ADDENDUM FOR STATE-SPECIFIC REQUIREMENTS

General

These states have statutes which may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Chap. 25, Section 2551 et seq.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS 705/1-44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1 – 523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with Us including the areas of termination and renewal of your franchise. Some states have statutes that limit Our ability to restrict your activity after the Franchise Agreement has ended. Other states have court decisions limiting Our ability to restrict your activity after the Franchise Agreement has ended. A provision in the Franchise Agreement that terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code.

F-O-R-T-U-N-E FRANCHISE CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

NEW YORK ADDENDUM

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR 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.

1. The following is to be 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 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.

2. Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the Franchise Disclosure Document neither We nor any predecessor, affiliate, current officer or general partner Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding.

3. Item 5 is amended by adding the following:

We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training and software for general overhead and for profit.

4. Item 12 is amended by adding the following:

Although we will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 10,000 people.

5. 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 867(4) and 687(5) be satisfied.

6. The following is added to the end of the “Summary” section of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law or forum 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.

INDIANA ADDENDUM

For Indiana Residents

This Addendum to the Franchise Agreement and Disclosure Document is agreed to by and among F-O-R-T-U-N-E FRANCHISE CORPORATION and the Franchisee identified below:

Indiana law governs the Franchise Agreement(s).

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10)). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

Signature Page Follows

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year written above.

F-O-R-T-U-N-E FRANCHISE CORPORATION

By: _____
President

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The undersigned, officers, directors, members, shareholders or partners of FRANCHISEE, as applicable, hereby personally guarantee to COMPANY the due performance of each and every obligation of FRANCHISEE in accordance with this Agreement.

Individually and Personally

Individually and Personally

Individually and Personally

EXHIBIT F
LIST OF FRANCHISEES*

March 1, 2025

ALABAMA

David Harris
1414 Fifth Avenue SE Suite A
Decatur, AL 35601
Main: 256-341-0400
FAX: 256-341-0444
E-mail: fpcdecatur@earthlink.net

Matt Langford
115 Manning Drive, Suite B102
Huntsville, Alabama 35801
Main: 256-534-7282
FAX: 256-534-7334
E-mail: matt@fpchuntsville.com

COLORADO

Aric Prost
Main: 970-367-3947
E-Mail: aprost@fpcsteamboat.com

DELAWARE

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EXHIBIT G

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

EXHIBIT H

CONFIDENTIALITY / NON-COMPETITION AGREEMENT

Confidential Information and Trade Secrets Agreement ("Agreement")

I understand that FPC of _____ Inc., (collectively called "the Company") have developed certain confidential and proprietary information and trade secrets, as described below, in the operation of their business, and have developed accounts, patronage and goodwill of many clients, customers and applicants. I acknowledge the Company's need to protect its confidential and proprietary information from disclosure and to protect its interests in such information and the Company's clients, customers and applicants, their patronage and goodwill.

IN CONSIDERATION OF MY ASSOCIATION WITH THE COMPANY, I HEREBY AGREE AS FOLLOWS:

1. During and after my association with the Company, I will neither use, disclose, copy or retain nor remove from Company's premises any confidential or proprietary information or trade secrets including but not limited to lists and information pertaining to clients and client contacts, job applicants, referrals, and employees, and all other ideas, methods, procedures, techniques, written material, and other know-how, developed or used in connection with the Company's business belonging to the Company and will surrender all such material and any copies thereof to Company upon the termination of my employment other than for use in connection with authorized work I perform for the Company.
 2. Any new idea, invention, improvement or copyrightable work I create, develop or help develop while employed by Company belongs to Company if it relates to Company's business. If any such development or creation occurs during my employment or up to one year after I leave Company, I will promptly disclose and explain it and assign to Company all rights I may have in it without additional compensation.
 3. While working for Company, I agree that I shall not directly or indirectly, whether as employee, owner, partner, stockholder, investor, agent or consultant, render competing services on my own behalf or on behalf of any person or entity other than the Company. The same limitation applies for six (6) months after I leave the Company in any area within a one-hundred mile radius of the Company's office located at (address, city, and state).
 4. While working for the Company, I agree that I shall not, directly or indirectly, in any capacity or on my own behalf or on behalf of any person or entity, solicit any customers, clients, client or customer contacts, applicants, or employees of the Company. This same limitation shall apply for one-year after I leave the Company.
 5. In the event of a breach of any of the covenants set forth in this Agreement, the running of the period of the restriction shall be tolled during the continuation of any such breach, and the running of the period of such restrictions shall commence only upon compliance with the terms of the applicable paragraph.
- I agree that each of my agreements set forth is reasonable and necessary to protect and preserve the business, interests and properties of Company and in the event of a breach of any of my agreements, Company shall be entitled to both temporary and permanent injunctions to prevent a breach or contemplated breach of any of my agreements, and the Company also retains the right to seek other relief, including damages, which shall be the greater of the amount of the financial loss which Company suffers as a result or the amount of the financial gain which I receive. I will pay Company's reasonable attorney's fees and costs involved in enforcing this Agreement.
6. This Agreement will be interpreted and enforced under (State) law. If a court finds any part of this Agreement invalid, the rest of it will be enforced to the extent permitted.

7. This Agreement takes the place of all previous employment agreements. Any changes must be in writing and must be signed by me and the President of Company.

8. If any clause or provision of this Agreement is held to be excessively broad, that provision shall thereafter be deemed limited in scope and application only to the extent necessary to preserve its enforceability under the law. If any provision of this Agreement is held entirely unenforceable, that provision shall be deemed severed therefrom, and the remaining provisions of this Agreement shall be enforceable and shall be construed independent of that provision.

9. I warrant that I have not previously assumed any obligations inconsistent with those of this Agreement.

10. Either of us may end the employment relationship at any time with or without cause, subject to applicable laws concerning non-discrimination.

11. The term "Company" shall include any subsidiaries or affiliates of Company, Company's franchisor, FPC National and its franchisees.

12. I understand that I am an at-will employee and my employment may be terminated at any time.

13. My signature below indicates that I have read, understood and agreed to the provisions of this Agreement.

Employee Signature _____

Employee Name (typed/printed) _____

Social Security Number _____

Date _____

EXHIBIT I

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F-O-R-T-U-N-E FRANCHISE CORPORATION
OWNER'S OPERATIONS MANUAL

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FFC's Role
The Franchisee's Role
The Placement Process
President/Manager's Role
The Placement Consultant Job Description
Research Associate Job Description

II. BEING A BUSINESS OWNER (18 pages)

Responsibility for Every Detail
Your Core of Advisors
Leadership
Staff Management
Thinking Like an Entrepreneur
Unforeseen Opportunities
Management Tools You Can Use
Following the FPC System

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Computer Systems
Telephone Systems
Other Equipment
Forms and Supplies
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Research Directories
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IV. MANAGING THE OFFICE INFRASTRUCTURE (22 pages)

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Reporting to FFC
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Conducting An "In-House"

- V. **FINANCIAL PLANNING** (8 pages)
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 - The Decision to Grow
 - Planning Your Growth
- VI. **ADVERTISING** (9 pages)
 - Media Options
 - Company Paid Advertising
 - The FPC National Advertising Program
- VII. **THE EXCHANGE PROGRAM** (22 pages)
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 - When to Use the Exchange System
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- VIII. **LEGAL CONSIDERATIONS** (65 pages)
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 - Affirmative Action
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 - Harassment
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- I. **Recruiting Recruiters, Research Associates, and Other Staff** (17 pages)
 - Job Qualifications
 - Where to Find Employees (Networking, Local Papers, Internet)
 - Sample Ads
 - Interviewing Prospective Candidates
 - How to Compensate (Several Plans)
 - FFC’s Role (Hiring Program)

- II. **Training Recruiters and Research Associates** (25 pages)
 - Training Materials Overview
 - FFC Phone Training Start-Up Program
 - The Owner’s Role in the Initial Training Process
 - Troubleshooting Guide
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- III. **Managing Recruiters And Research Associates** (19 pages)
 - History Reports
 - Meeting With Your Consultants
 - Training Sessions
 - Contests
 - Developing Management Talent
 - Managing By Objectives
 - Evaluation
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- IV. **Human Resource Policies** (65 pages)
 - Vacation
 - Sick Time
 - Legal Issues
 - Sample Employee Manual and Agreements

EXHIBIT J

CONTRACT PLACEMENT CONFIRMATION LETTER (“LETTER”)

[DATE]

Dear _____:

The purpose of this Letter, among other things, is to confirm that F-O-R-T-U-N-E Franchise Corporation (“FFC”) will allow you to make contract placements (“Contract Placements”) which are incidental to your permanent placement business (the “Permanent Business”) operated in accordance with the Franchise Agreement (as hereinafter defined) in accordance with this Letter and the Franchise Agreement, and to clarify and set forth your obligations with respect thereto. The exclusion to this is that no contract placements may be made in legal or graphics.

The following sets forth our understanding with respect to the foregoing:

1. You may only accept job orders (a “Job Order”) for the contract placement of professional, executive and middle management personnel (each such person a “Candidate” or “Interim Personnel”) on contract employment assignments (each, an “Assignment”). You shall not accept, directly or indirectly, any Job Order for an interim employee assignment, or other request for interim personnel placement, where such order, assignment or request is in violation of any Federal, state or municipal law, act or regulation.
2. You are at your own expense responsible for obtaining the necessary written documentation from a client (hereinafter, the “Client”) regarding the terms and conditions of a Job Order, and you shall be the sole employer of record of all Candidates.
3. Notwithstanding anything in this Letter, you, and not FFC or any of its affiliates, shall have all of the liability and responsibility of an employer of all Candidates.
4. You shall forward to FFC, upon FFC’s request copies of all documents, information and records relating to the Assignments, the Candidates, the Clients, compliance with this Letter and any other matter relating to this Letter.
5. You may use a third party vendor to perform payroll and billing activities, provided we have approved such vendor in writing, such approval not to be unreasonably withheld. The name of such third party vendor may be utilized by you in conjunction with your Contract Placement activities and in conjunction with your name as required by Section 5, provided we have approved the manner of such use, such approval not to be unreasonably withheld.
6. You shall obtain and maintain professional errors and omissions insurance, employment practices liability insurance, a fidelity bond, general liability insurance, Workers Compensation insurance, state unemployment insurance (where applicable), disability insurance coverage (where required by law for all Contract Placement activities), and all other insurance required by law or regulation, now existing or hereinafter enacted. The cost of insurance coverage shall be borne exclusively by you and the amount, scope, forms and types of all insurance coverage – as well as the insurance providers - shall be satisfactory to FFC. All insurance and all related insurance certificates shall list FFC as an additional insured in form and substance satisfactory to FFC. You shall promptly upon request (and in no event later than two (2) business days after request) provide FFC with

certificates of insurance coverage satisfactory to FFC. All policies and certificates shall provide for thirty (30) days' prior written notice to FFC of cancellation, non-renewal or modification. Any and all such policies may be combined with other insurance required for your Permanent Business by the Franchise Agreement. The term Franchise Agreement shall refer to the Agreement dated _____, between FFC and _____ Consultants of _____ (_____) becoming a party to the Franchise Agreement having agreed to be bound by all of the terms and conditions thereof and to perform all of the duties and obligations of _____ remaining liable (as amended, supplemented, restated, replaced or modified from time to time).

7. In addition to fees and royalties required by the Franchise Agreement, you shall pay FFC its standard 8% royalty (or 7%, as applicable) of any Receipts for Conversion Fees (i.e. the fee for the permanent hiring of a Candidate) as well as its standard 1% National Advertising Fund contribution with respect thereof. In addition to the foregoing, you shall pay FFC a royalty of 8% (or 7%, as applicable) of Gross Margin, together with and payable at the same time and in the same manner as the Royalty under the Franchise Agreement. "Gross Margin" is the total amount of all cash receipts received from Assignments or for Contract Placement activities, less any authorized and documented credits, sales allowances, discounts and/or rebates; and less all compensation paid to candidates on such assignments, applicable payroll taxes and less any fees paid to a third-party payroll service, provided however, that all Conversion Fees or charges attributable to the permanent hiring of a Candidate by a Client will be excluded from Gross Margin. In addition, you shall provide us with such records – financial, operational or otherwise with respect to your Contract Placement Activities as we shall reasonably request.

8. All Contract Placement activities on your part shall be conducted through F-O-R-T-U-N-E Personnel Consultants of _____ or FPC of _____, and no other entity. All advertising, promotional and marketing activities relating to Contract Placements conducted by you shall be under either FPC of _____ or F-O-R-T-U-N-E Personnel Consultants of _____. All Contract Placement activities shall be conducted only in strict adherence to the Franchise Agreement and this Letter from your existing F-O-R-T-U-N-E Personnel Consultants office, utilizing only those telephone numbers, websites, URLs, etc., otherwise utilized in your Permanent Business. For all purposes, our rights with respect to such telephone numbers, websites, URLs, etc., and any other telephone numbers, websites, URLs, etc., utilized in connection with your Contract Placement activities will be governed by the Franchise Agreement as if they were utilized in your Permanent Business.

9. All use of the Marks in connection with Contract Placement activities shall be in strict adherence with the Franchise Agreement. You shall only use such advertising, identification and promotional materials and programs which have been approved in writing in advance by Franchisor as provided for in Franchise Agreement. Prior to use, you shall submit to FFC for its approval (which may be withheld for any or no reason in accordance with the Franchise Agreement) true and correct copies of all proposed advertising and promotional materials, whether print or broadcast. All Internet advertising or other form of electronic medium advertising must be in accordance with the provisions outlined in the F-O-R-T-U-N-E Personnel Consultants Operations Manual. You are not granted the right to operate a temporary help service business under any name or mark and except as expressly set forth herein, the provisions of Section 1.03 of the Franchise Agreement are not amended or modified. If a Candidate is being exchanged with another FPC office all arrangements with respect to sharing of the fee shall be treated as if it was an exchange placement. Except as expressly set forth herein, FFC has no obligation to perform any services or provide you with any guidance or advice in connection with your activities pursuant to this Letter.

10. Your rights hereunder are not assignable except in conjunction with a sale or transfer of your Permanent Business and the Franchise Agreement in accordance with the Franchise Agreement.

11. a. To the maximum extent permitted by applicable law, you shall, on a joint and several basis, protect, defend, indemnify and hold FFC, its parents, if any, and any affiliate or subsidiary of any of the foregoing, and the respective directors, members, officers, employees and shareholders of each of the foregoing, harmless from and against all claims, actions, proceedings, damages, costs, expenses (including without limitation to attorney's and accountant's fees) and other losses and liabilities, directly or indirectly, incurred as a result of, arising out of, or connected with, any Clients, Candidates, Interim Employees, this Letter, the Assignments, or Contract Placements, the services provided by Candidates recruited by you and placed on Assignments with Clients.

b. FFC shall not be liable to you for any special, incidental, indirect or consequential damages. FFC shall not be liable for any other damages or otherwise except to the extent directly caused by FFC gross negligence, as determined by a final non-appealable judgment of a court of competent jurisdiction.

c. You shall pay to FFC on demand all expenses, including, but not limited to, attorneys' fees and expenses, and other expenses, of like or unlike nature, that are expended or incurred by FFC in the prosecution or defense of any action or concerning any matter growing out of or connected with the subject matter of this Letter.

d. Any determination to be made or discretion to be exercised by FFC under this Agreement shall be made by FFC in its sole and absolute judgment and discretion and it shall have no liability for so making any such determination or so exercising any such discretion.

12. a. Except as expressly set forth herein, your rights hereunder and your activities pursuant to this Letter will be governed by the Franchise Agreement, which is hereby ratified and confirmed.

b. All of FFC's rights and remedies, whether evidenced in this Letter, the Franchise Agreement or any other agreement, shall be cumulative and may be exercised separately or concurrently.

13. a. Subject to Section 8a and the balance of this Section 9a, this Agreement constitutes a complete understanding among the parties with respect to its subject matter, supersedes all existing arrangements between them concerning that subject matter, and cannot be changed or terminated orally. Subject to Section 8a and the balance of this Section 9a, there are no representations, warranties or agreements other than those set forth in this Agreement.

b. None of the terms or provisions of this Agreement may be amended, supplemented or otherwise modified except by a written instrument executed by the parties to this Agreement.

14. You understand you are an independent contractor as relates to your Contract Placement activities. Nothing contained herein shall be construed to constitute you as FFC's employee, agent or representative, or to constitute you and FFC as partners, joint ventures, legal representatives, general or special agents, employees or servants of the other for any purpose whatsoever. You do not have the power to obligate FFC for any expenses, liabilities or other obligations. Nothing contained herein shall be construed as imposing any fiduciary duty or responsibility on the part of FFC.

15. FFC reserves the right to terminate this Agreement at any time in its discretion upon five (5) days' prior written notice or such longer period as is required by law. You may terminate this Letter but not your obligations under this Letter at any time in your discretion upon five (5) days' notice, except that your obligations shall be unaffected by any such termination. Upon termination of this Letter hereunder for any reason you shall not thereafter make any future Contract Placements or conduct any Contract Placement activities and the provisions of Section 1.03 of the Franchise Agreement shall apply

as if this Letter had not been executed, absent an agreement among the parties permitting such placement, except that so long as you are fully performing all of your obligations hereunder, you may continue any Contract Placements provided the Candidate was working on the date of termination after such termination until such Contract Placements are ended.

16. FFC shall not be deemed to have waived any right hereunder or under any other instrument signed by you unless such waiver is in writing and signed by FFC. No delay or failure by FFC to exercise any right or remedy under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right.

17. All notices, demands, requests, consents or other communications required or permitted to be given or made under this Agreement shall be provided in accordance the Franchise Agreement.

18. This Agreement has been made in, and shall be construed by and enforced in accordance with, the law of the State of New York applicable to agreements made and to be wholly performed in that state without regard to conflict of laws provisions. Any and all disputes between you and FFC arising out of this Letter or your Contract Placement activities shall be resolved pursuant to Article 20 of the Franchise Agreement.

19. If any provision of this Agreement is or becomes unenforceable, the remainder of this Letter shall nevertheless remain binding to the fullest extent possible, taking into consideration the purposes and spirit of this Agreement and if any provision is inapplicable to any circumstance, it shall nevertheless remain applicable to all other circumstances.

20. Capitalized terms used in this Letter without definition shall have the respective meanings set forth in the Franchise Agreement.

F-O-R-T-U-N-E Franchise Corporation

By: _____

Agreed

F-O-R-T-U-N-E Personnel Consultants of _____

By: _____
Name:
Title:

Individual

EXHIBIT K

AGREEMENT OF PROVISIONAL TERRITORY HOLD WITH INTENT TO PURCHASE A FRANCHISE

“Deposit Agreement”

THIS AGREEMENT OF PROVISIONAL TERRITORY HOLD WITH INTENT TO PURCHASE A FRANCHISE (“Deposit Agreement”) is entered into between F-O-R-T-U-N-E Franchise Corporation, a New York corporation with offices located at 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042 (“FFC” or “COMPANY”), and _____ residing at _____ (“PROSPECTIVE FRANCHISEE”) (FFC and PROSPECTIVE FRANCHISEE are collectively referred to herein as the “Parties”).

WHEREAS FFC sells personnel recruitment franchises that specialize in the permanent placement of professional, executive and middle management personnel that operate under the names and service marks: **F-O-R-T-U-N-E PERSONNEL CONSULTANTS, F-O-R-T-U-N-E, F-O-R-T-U-N-E PERSONNEL** or **FPC** (the “Marks”) (said business the “Franchised Business”).

WHEREAS PROSPECTIVE FRANCHISEE acknowledges that PROSPECTIVE FRANCHISEE has received a copy of the Franchise Disclosure Document, containing a copy of the Deposit Agreement as Exhibit K, at least (14) days before PROSPECTIVE FRANCHISEE signed this Deposit Agreement (which was a signature-ready copy with all the blanks filled in);

WHEREAS PROSPECTIVE FRANCHISEE wishes to purchase a franchise to operate the Franchised Business and reserve presently the territory described in Schedule 1 (the “Territory”); and

WHEREAS the Parties wish to enter into this Deposit Agreement to enable PROSPECTIVE FRANCHISEE to reserve a Territory to the exclusion of other potential franchisees and to compensate FFC for the removal of the Territory from possible sale to another prospective franchisee;

NOW THEREFORE, in reliance on and in consideration of the above facts and the terms and conditions stated below, the parties agree as follows:

1. Deposit

Simultaneously with the execution of this Deposit Agreement PROSPECTIVE FRANCHISEE agrees to pay to FFC the sum of ten thousand dollars (\$10,000) with a check, subject to collection (“Deposit Fee”). If the PROSPECTIVE FRANCHISEE signs a Franchise Agreement to operate the Franchised Business within _____ months of the date hereof, the entire Deposit Fee will be applied toward PROSPECTIVE FRANCHISEE’s initial franchise fee. If the PROSPECTIVE FRANCHISEE does not sign a Franchise Agreement within _____ months of the date hereof, this Deposit Agreement will terminate and PROSPECTIVE FRANCHISEE will not receive a refund of the Deposit Fee.

2. Execution of Franchise Agreement

(a) PROSPECTIVE FRANCHISEE may, for a period of (____) months from the date of this Deposit Agreement, acquire a franchise to operate the Franchised Business by executing and returning the Franchise Agreement previously delivered to PROSPECTIVE FRANCHISEE along with a check for the Initial Franchise Fee or, if approved, a Promissory Note, the form of which as previously delivered as Exhibit L to the Disclosure Document.

(b) FFC shall promptly, upon receipt of the Franchise Agreement and the Initial Franchise Fee, execute and return to PROSPECTIVE FRANCHISEE one executed copy of the Franchise Agreement.

(c) Notwithstanding the foregoing, FFC's obligation to deliver a Franchise Agreement shall be subject to FFC's legal authority to do so, and if FFC is not legally able to execute and deliver a Franchise Agreement to PROSPECTIVE FRANCHISEE by reason of any lapse or expiration of its franchise registration or because FFC is in the process of amending any such registration, or for any reason beyond FFC's reasonable control, FFC may delay execution and delivery of the Franchise Agreement until such time as FFC is legally able to execute and deliver a Franchise Agreement. In such case, if the terms of this Deposit Agreement would otherwise expire, FFC shall extend the term for a like period. In no event shall FFC be liable to PROSPECTIVE FRANCHISEE for any loss, cost or expense occasioned by such delays.

3. Acknowledgements and Agreements by PROSPECTIVE FRANCHISEE

By executing this Deposit Agreement, PROSPECTIVE FRANCHISEE agrees and acknowledges that FFC's acceptance of the Deposit Fee does not constitute the grant of any rights for PROSPECTIVE FRANCHISEE to operate the Franchised Business; such rights being granted only through the Franchise Agreement duly executed by both FFC and PROSPECTIVE FRANCHISEE, and payment of the Initial Franchise Fee specified therein.

4. Confidential Information

(a) In connection with PROSPECTIVE FRANCHISEE's ongoing discussions with FFC pertaining to the feasibility of PROSPECTIVE FRANCHISEE entering into a Franchise Agreement for the operation of an FFC franchise and a possible Territory, FFC will disclose to PROSPECTIVE FRANCHISEE certain confidential and proprietary information of a non-public nature (the "Confidential Information"). During the term and any extended term of this Deposit Agreement and thereafter, PROSPECTIVE FRANCHISEE covenants not to communicate directly or indirectly, to divulge or use for its benefit or the benefit of any other person or legal entity, any Confidential Information or trade secrets which are proprietary to COMPANY, or any information, knowledge or know-how deemed confidential under this Deposit Agreement, except as permitted by COMPANY. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information as may otherwise be afforded by law or set forth otherwise in this Deposit Agreement. Any and all information, knowledge and know-how not generally known about COMPANY's business, standards, procedures and techniques, and such other information or material as COMPANY may designate as confidential, shall be deemed Confidential Information for purposes of this Deposit Agreement.

(b) PROSPECTIVE FRANCHISEE agrees that all documents and other materials containing Confidential Information shall remain the property of FFC at all times, and that PROSPECTIVE FRANCHISEE shall account for and return to FFC all documents, records, data and other information provided by FFC under this Deposit Agreement on demand or upon termination of this Deposit Agreement.

(a) The confidentiality provisions of this Deposit Agreement shall survive the expiration or termination of this Deposit Agreement.

5. No License

PROSPECTIVE FRANCHISEE understands and agrees that no right or license is granted to PROSPECTIVE FRANCHISEE by FFC in or to the name of FFC or any other of the Marks of FFC, the Confidential Information or any documents or data contained therein, derived therefrom, or relating thereto (except as otherwise permitted herein). Further, PROSPECTIVE FRANCHISEE agrees that in the event of a threatened breach by PROSPECTIVE FRANCHISEE of any of the terms of this Deposit Agreement, COMPANY shall have the immediate right to secure a court order enjoining any such default or threatened breach. This covenant shall be independent and severable and shall be enforceable notwithstanding any other rights or remedies that either party may have. If FFC exercises any of its legal or equitable remedies, PROSPECTIVE FRANCHISEE will be responsible for any reasonable attorneys' fees or costs incurred by FFC.

6. Termination

(a) FFC may elect to terminate PROSPECTIVE FRANCHISEE's rights under this Deposit Agreement for either of the following reasons:

- (i) If PROSPECTIVE FRANCHISEE has made any misrepresentations or has suffered any material change in circumstances, FFC may refuse to execute a Franchise Agreement and return the Deposit Fee to PROSPECTIVE FRANCHISEE; or
- (ii) PROSPECTIVE FRANCHISEE's failure to deliver to FFC a signed Franchise Agreement and the remainder of the initial franchise fee or Promissory Note, if applicable, within the time period set forth in Section 2(a), as such time period may be delayed as set forth in Section 2(c).

(b) In the event of termination as set forth above, since FFC will incur expense in determining whether or not to enter into this Deposit Agreement and the loss of its ability to sell the Territory, FFC will earn the Deposit Fee whether or not PROSPECTIVE FRANCHISEE signs a Franchise Agreement. The Parties further acknowledge that the amount of actual damages resulting from a termination event would be difficult to determine. PROSPECTIVE FRANCHISEE therefore agrees that FFC will be entitled to retain the Deposit Fee as liquidated damages.

7. Miscellaneous Provisions

10.1 Construction of Contract

Unless otherwise expressly provided herein to the contrary, any consent, acceptance or authorization of FFC which PROSPECTIVE FRANCHISEE may be required to obtain hereunder may be given or withheld by FFC in its sole discretion; on any occasion where FFC is required or permitted hereunder to make any judgement or determination, including any decision as to whether any condition or circumstance meets FFC's standards or satisfaction, FFC may do so in its sole subjective judgment. Time is of the essence in the performance by PROSPECTIVE FRANCHISEE of PROSPECTIVE FRANCHISEE's obligations under this Deposit Agreement.

10.2 Governing Law

This Deposit Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to the rules of conflict of laws. Except as provided below, any action arising out of this Deposit Agreement may only be brought in any court of the State of New York located in Nassau County, New York, or in the United States District Court for the Eastern District of New York, and the parties irrevocably consent to the personal jurisdiction of all such courts. COMPANY and PROSPECTIVE FRANCHISEE agree that any and all disputes between them, and any claim by either party that cannot be amicably settled (including tort and contract claims; claims based upon any Federal, state, or local statute, law, order, ordinance, or regulations; and claims arising from any relationship prior to, at the time of entering into, during the term of, or upon and after expiration or termination of this Deposit Agreement), except for claims relating to trademarks or service marks or Marks or commercial symbols of COMPANY, shall be determined solely and exclusively by arbitration under the Federal Arbitration Act, as amended, and in accordance with the rules set forth by the American Arbitration Association or any successor at its office located in the City and State of New York, or in the city and state nearest COMPANY's principal place of business as selected by the COMPANY, unless the parties otherwise agree in writing. The arbitrator(s) may not under any circumstance: (i) stay the effectiveness of any pending termination; (ii) assess punitive, speculative, or exemplary damages; or (iii) make any award which extends, modifies, or suspends any lawful term of this Deposit Agreement or any reasonable standard of business performance set by COMPANY in good faith. The arbitrator(s) shall be limited to the issues in dispute between the COMPANY and the PROSPECTIVE FRANCHISEE and a dispute between any other franchisee and the COMPANY shall not be considered in the same arbitration proceeding or by the same arbitrator(s). The parties shall each bear their own expense including but not limited to all fees and expenses of the arbitrator(s), the American Arbitration Association, attorneys and accountants. Judgment upon any award of the arbitrator(s) shall be conclusive and binding, and shall be entered in a court of competent jurisdiction.

10.3 Notices, and Communications

All notices required or desired to be given under this Deposit Agreement shall be in writing and given by personal delivery, registered mail, return receipt requested, or nationally recognized overnight delivery service. Notice shall be delivered to COMPANY and PROSPECTIVE FRANCHISEE at their respective addresses set forth above or at such other address as either shall designate in accordance with this section. Notice shall be deemed given when delivered, if delivered in person; on the next business day, if delivered by nationally recognized overnight delivery service; and on the second business day following deposit in the mail, if given by registered mail.

10.4 Amendments

This Deposit Agreement may be amended, modified, or discharged, in whole or in part, only by a document in writing signed by all of the Parties to this Deposit Agreement or by their authorized agents.

10.5 Successors and Assigns

None of PROSPECTIVE FRANCHISEE's rights or duties may be assigned or delegated without the prior written consent of FFC. FFC shall have the right to assign this Deposit Agreement in whole or in part to any person, firm, or entity. This Deposit Agreement will benefit, and be binding on, the Parties to this Deposit Agreement and their permitted heirs, successors, representatives, and transferees.

10.6 Waiver

Waiver of any default or breach of this Deposit Agreement will not be interpreted as a waiver of any subsequent breach.

10.7 Integration

This Deposit Agreement and the documents referred to herein shall be construed together and constitute the entire, complete agreement between COMPANY and PROSPECTIVE FRANCHISEE with respect to the subject matter hereof. The parties agree that this Deposit Agreement supersedes all prior agreements. Subject to state law, any other promises may not be enforceable. This integration/merger provision does not disclaim the representations in the Disclosure Document.

10.8 Severability

Each provision of this Deposit Agreement shall be considered severable and if for any reason any provision is deemed to be invalid or contrary to an existing or future law or regulation, it shall not impair the operation or affect the remaining provisions of this Deposit Agreement, which shall continue to be given full force and effect, and any invalid provision shall be deemed not to be a part of this Deposit Agreement. If any one or more provisions of this Deposit Agreement is found to be unreasonably restrictive by a court of competent jurisdiction, then such provisions shall be modified by the court so that they apply to the maximum extent permitted by law, and any such modification shall not affect the validity of any other provision contained in this Deposit Agreement.

: NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

IN WITNESS WHEREOF the parties have caused this Deposit Agreement to be executed by their duly authorized officers on the day and year written.

FRANCHISOR
F-O-R-T-U-N-E FRANCHISE CORPORATION

PROSPECTIVE FRANCHISEE

Name: _____

Title: _____

By: _____
Jeffrey Herzog , President

Date: _____

Date: _____

SCHEDULE 1 TO DEPOSIT AGREEMENT

TERRITORY

EXHIBIT L

PROMISSORY NOTE

\$ _____

_____ residing at _____ for value received, hereby promise to pay to the order of F-OR-T-U-N-E Franchise Corporation, with offices at 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042, the principal sum of _____ (\$ _____) Dollars, together with interest on the unpaid balance thereof, computed from date hereof, at the rate of _____ (%) percent per annum, which indebtedness and interest is to be paid in twelve (12) equal constant monthly installments of _____ (\$ _____) Dollars, the first of such installments to be due and payable commencing _____ and a like sum on the first day of each and every subsequent month for a total of twelve (12) months when the entire unpaid balance of the indebtedness, if any, shall be due and payable; said monthly installments to be applied first to the payment of said interest on the unpaid balance of principal and the remaining to be applied toward reduction of principal.

Should default be made in the payment of any installment at the time when the same becomes due as herein provided and such default continue for a period of ten (10) days, then at the option of the holder of this note, the whole unpaid amount thereof shall become immediately due and payable. The failure to assert this right shall not be deemed a waiver thereof.

The maker thereof shall have the right at any time to prepay all or any part of any installment in inverse order with interest to date of prepayment.

Upon default, the holder of this note may employ an attorney to enforce the holder's rights and remedies, and the maker, principal, surety, guarantor and endorsers of this note hereby agree to pay to the holder 15% of the entire indebtedness as reasonable attorney's fees, plus court costs incurred by the holder in exercising any of the holder's rights and remedies upon default.

FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

The undersigned, officers, directors, shareholders or partners of FRANCHISEE, as applicable, hereby personally guarantee to COMPANY the due performance of each and every obligation of FRANCHISEE in accordance with this Note.

Individually and Personally

Individually and Personally

Individually and Personally

EXHIBIT M

FORM OF GENERAL RELEASE

This General Release ("Release") ("Agreement") made as of this _____ day of _____, 20__ by and among F-O-R-T-U-N-E Franchise Corporation, Inc., a New York corporation with an office located at 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042 ("FFC" or "Franchisor"); _____ d/b/a F-O-R-T-U-N-E Personnel Consultants of _____, a _____ corporation with an office located at _____ ("Franchisee"), and _____, an individual residing at _____ ("Owner") (Franchisee and Owner are collectively the "Releasors," and together with FFC collectively referred to herein as the "Parties").

WITNESSETH:

WHEREAS, FFC and Owner entered into a Franchise Agreement dated _____ ("Franchise Agreement"), whereby Owner was authorized to operate a permanent placement service business under the trade name "F-O-R-T-U-N-E Personnel Consultants" and/or FPC ("Franchised Business") from an office located within an exclusive territory described in the Franchise Agreement ("Territory"), all in accordance with and subject to the terms and conditions of the Franchise Agreement; and

WHEREAS, Owner thereafter assigned all of his/her rights and obligations under the Franchise Agreement to Franchisee and the same were assumed by Franchisee; and

WHEREAS, notwithstanding the aforesaid assignment, Owner continued to remain liable to FFC for all of the obligations of Franchisee in accordance with the terms and conditions of the Franchise Agreement; and

WHEREAS, Releasors wish to transfer and assign the Franchise Agreement to [Add details & Assignment].

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

1. Representations and Warranties.

The Franchisee and Owner represent and warrant to FFC as follows:

- (a) Franchisee is a corporation duly authorized and validly existing under the laws of the State of _____;
 - (i) Owner is the owner of 100% of the equities of the Franchisee, free and clear of all claims and encumbrances of any kind;
 - (ii) Franchisee is the owner of the Franchised Business and the Assets, free and clear of all claims and encumbrances of any kind;
 - (iii) Franchisee and Owner have full legal right, power and authority to execute and deliver this Release;

- (iv) This Release constitutes the valid and binding agreement of Franchisee and Franchisor, enforceable in accordance with its terms, and

2. Release

Franchisee and Owner, hereby remise, release and forever discharge as of the date hereof, Franchisor, its subsidiaries and affiliates, and their respective officers, directors, employees and shareholders of and from any and all actions, suits, promises, claims, rights and obligations of every nature and description which any of them now or ever had or will have against Franchisor, its subsidiaries and affiliates, and their respective officers, directors, shareholders and employees arising out of the Franchise Agreement up to the date hereof; provided, however, that all rights enjoyed by Franchisee and Owner and any causes of action arising in its/his/her 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 paragraph that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

3. Miscellaneous.

(a) This Release shall be governed by and construed under the laws of the State of New York applicable to agreements executed and performed in such State without regard to conflict of law principles.

(b) The terms, stipulations, provisions and conditions herein shall bind the parties hereto, and their respective heirs, distributees, executors, administrators, successors, transferees, assigns and trustees, may not be altered or amended except by the written agreement of the parties hereto and may not be assigned by any party except the Franchisor without the consent of all the parties hereto.

(c) If any of the provisions of this Release are or become unenforceable, the remainder of this Agreement shall nevertheless remain binding to the fullest extent possible, taking into consideration the purposes and spirit of this Agreement. It is the intention of the parties that should any other agreement provide for similar restrictions upon any of the undersigned such agreement shall be considered supplemental to, and not in lieu of, this covenant; that Franchisor be given the benefit of the more restrictive provision present between the conflicting agreements; and that no conflict between any such agreements and this covenant shall reduce the obligations of any of the undersigned to Franchisor, whether hereunder or under any other agreement.

(d) Each of the parties (and/or its principals, subsidiaries, and affiliates) hereby submit to the exclusive jurisdiction of the Supreme Court of the State of New York, with respect to any dispute, claim, cause of action or the like, originating from or out of this Agreement (or any related agreement, arrangement or understanding) as if he or she or it were residents of the state in which such suit was brought and further agree that venue in any action, suit, proceeding and the like arising from or out of this Agreement (or any related agreement, arrangement or understanding) shall lay exclusively in the Supreme Court of the State of New York, County of Nassau.

(e) The existence of any claim, demand, action or cause of action by Franchisee and Owner against the Franchisor or any parent, subsidiary or affiliate of the Franchisor, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by the Franchisor of any rights hereunder. The parties agree that in the event it becomes necessary for any party to seek judicial remedies for the breach or threatened breach of this Release, the prevailing party shall be entitled to recover the costs

of such judicial action including reasonable attorney's fees and all such costs relating to any appeal.

(f) This Release may be executed in counterparts and such counterparts, taken together, shall constitute one and the same agreement and shall be binding on the parties. This Agreement may be executed by facsimile, email, pdf. or other electronic signature, and such signature shall be binding on the parties to the same extent as original signatures.

[Remainder of page intentionally left blank. Signature page follows.]

The parties have signed this Agreement as of the date first set forth above.

F-O-R-T-U-N-E Franchise Corporation

By: _____
Jeffrey Herzog, President

_____ d/b/a F-O-R-T-U-N-E
Personnel Consultants of

By: _____
Name: Name
Title: Title

_____, Individually

STATE OF NEW YORK

COUNTY OF NASSAU

)
) SS.:
)

On this ____ day of _____, 20_____, before me personally came and appeared Jeffrey Herzog, to me known, who, being by me duly sworn, did depose and say that he resides in New York State; that he is President of F-O-R-T-U-N-E Franchise Corporation, the corporation described in and which executed the above agreement; that he knows the seal of said corporation; that the seal affixed to said agreement is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Notary Public

[Add Notarization by Franchisee and Owner]

EXHIBIT N

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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
New York	
Indiana	

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.

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

THE FRANCHISOR IS F-O-R-T-U-N-E FRANCHISE CORPORATION LOCATED AT 1979 MARCUS AVENUE, STE 210 LAKE SUCCESS, NY. ITS TELEPHONE NUMBER IS (212) 302-1141.

THE FRANCHISE SELLERS FOR THIS OFFERING ARE RONALD HERZOG, CHIEF EXECUTIVE OFFICER; JEFF HERZOG, PRESIDENT; DYLAN DEYOUNG, DIRECTOR OF TRAINING AND OPERATIONS, STEVEN MARGALIT, DIRECTOR OF FRANCHISEE DEVELOPMENT AND JENNA BLAKE, SR. DIRECTOR OF HR AND ADMIN. ALL OF F-O-R-T-U-N-E FRANCHISE CORPORATION, 1979 MARCUS AVENUE, SUITE 210 LAKE SUCCESS, NY 11042 (212) 302-1141.

IF FFC OFFERS YOU A FRANCHISE, FFC MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (14) CALENDAR-DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, FFC OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE. YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE (5) BUSINESS DAYS BEFORE YOU SIGN A FRANCHISE AGREEMENT.

New York, Maryland and Rhode Island law require we give you the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Washington require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

IF FFC 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 STATE AGENCIES LISTED IN EXHIBIT C.

FFC authorizes the agents listed in Exhibit D to receive service of process for FFC.

I have received a Franchise Disclosure Document dated March 25, 2025. This Disclosure Document included the following Exhibits:

- A. Franchise Agreement
 - Schedule I Territory
 - Schedule II Office Clerical and Administrative Personnel
 - Schedule III State Addenda
- B. Audited Financial Statements
- C. List of State Administrators
- D. List of Agents for Service of Process
- E. State Addendum
- F. List of Franchisees
- G. List of Franchises That Left the System
- H. Confidentiality/Non-Competition Agreement
- I. Table of Contents of Operations Manual

- J. Contract Placement Confirmation Letter
- K. Agreement of Provisional Territory Hold with Intent to Purchase a Franchise
- L. Form of Promissory Note
- M. Form of General Release
- N. State Effective Dates

Date

Prospective Franchisee

Please sign and return to FFC by first-class mail to: 1979 Marcus Avenue, Suite 210 Lake Success, NY 11042

RECEIPT

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Prospective Franchisee

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