

## FRANCHISE DISCLOSURE DOCUMENT

GTN Capital Group LLC  
A Connecticut limited liability company  
1250 Boston Post Rd # 4, Guilford, CT 06437  
1-800-390-NERD  
Franchise@NerdsToGo.com  
www.NerdsToGo.com



The franchised business is to operate a technology sales, repair and service business under the trade name “NerdsToGo,” offering a wide variety of computer technology services and products primarily to residential computer users and small and medium-sized businesses. Technicians based in “NerdVans” serve customers at their residences or place of business.

We offer two franchise models. In the “Executive Office Model”, your business will be based out of an office space, and will not have a walk-in customer facing area. In the “Local Service Center Model”, your business will be based out of a visible retail center, and you will have a stronger emphasis on walk-in customers.

The total investment necessary to begin operation of an Executive Office Model NerdsToGo franchise is \$148,900 to \$285,700. This includes \$75,000 to \$100,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a Local Service Center Model NerdsToGo franchise is \$199,000 to \$333,900. This includes \$75,000 to \$100,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact David Colella at 1250 Boston Post Rd # 4, Guilford, CT 06437 and 1-800-390-NERD.

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

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

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

Issuance date: April 19, 2019

## STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise:

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

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

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for state effective dates.

## STATE EFFECTIVE DATES

The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

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

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

| State        | Effective Date   |
|--------------|------------------|
| Connecticut* | November 1, 2016 |
| Florida      | March 1, 2019    |
| Kentucky*    | March 13, 2017   |
| Nebraska*    | March 13, 2017   |
| Texas*       | March 16, 2017   |
| Utah         | February 5, 2019 |

\* One-time filing

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
 G. Mennen Williams Building, 7th Floor  
 525 W. Ottawa Street  
 Lansing, Michigan 48909  
 Telephone Number: (517) 373 7117

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## **EXHIBITS**

- A. State Administrators and Agents for Service of Process
  - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
  - C. Rider to Lease Agreement
  - D. Form of General Release
  - E. Financial Statements
  - F. Operating Manual Table of Contents
  - G. Current and Former Franchisees
  - H. State Addenda to Disclosure Document
  - I. State Addenda to Franchise Agreement
  - J. Information About Area Representatives
- Receipt (2 copies)

## **Item 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

In this disclosure document, “we”, “us,” or “our” refers to GTN Capital Group LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

#### Us, Any Parents, and Certain Affiliates.

Our name is GTN Capital Group LLC. Our principal business address is 1250 Boston Post Rd # 4, Guilford, CT 06437. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees. Nerds To Go Franchise Corporation offered franchises from March 2006 until December 2007.

#### Our Predecessors

Our predecessor is Nerds To Go Franchise Corporation. Its principal business address is the same as ours. Nerds To Go Franchise Corporation has the same ownership as us and was previously the franchisor of NerdsToGo.

#### Our Business Name

We use the names “GTN Capital Group LLC” and “NerdsToGo”. We do not intend to use any other names to conduct business.

#### Agent for Service of Process

Our agent for service of process in Connecticut is David J. Colella. The agent’s principal business address is 1250 Boston Post Road, Guilford, CT 06437. Our agents for service of process in other states are disclosed in Exhibit A.

#### Business Organization

We are a Connecticut limited liability company. We were formed on November 4, 2015.

#### Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised. We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a technology repair and service business under the trade name “NerdsToGo”. You will primarily provide service to customers at the customer’s business or home via mobile technicians in branded NerdVans. We offer two franchise models. In the “Executive Office Model”, your business will be based out of an office space, and will not have a walk-in consumer-facing area. It will have a

higher emphasis on business customers (B2B) while supplementing this business focus with consumer services. In the “Local Service Center Model”, your business will be based out of a visible retail center, and your strategy will still focus on B2B service, you will also serve more walk-in customers.

The general market for NerdsToGo is residential and commercial customers who are in need of technology repair, maintenance or support service for a wide range of technological devices. Our growth is attributed to our customer loyalty, and we continue to thrive because of repeat visits by our “regulars”. This market is highly developed. Sales are not seasonal.

We are not aware of any laws or regulations specific to our industry.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

We have granted area representative rights to certain individuals and companies. An Area Representative acts as our representative within a defined geographic area to solicit prospective franchisees and to provide support before, during and after a franchisee begins operations. We are not currently offering new Area Representative opportunities. See Exhibit J for information regarding our Area Representatives.

#### Prior Business Experience

We have offered franchises for sale for this business since 2017.

Our affiliate Nerds To Go, Inc. (“NTG”), operates a NerdsToGo business in Guilford, Connecticut. NTG first opened the NerdsToGo business in 2003. NTG has the same business address as us.

Our predecessor and affiliate NerdsToGo Franchise Corporation offered NerdsToGo franchises from March 2006 until December 2007, and sold nine franchises, none of which are still operating. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

## **Item 2 BUSINESS EXPERIENCE**

**David J. Colella - President and Chief Executive Officer.** Mr. Colella has served as our President and Chief Executive Officer in Guilford, CT, since our inception in November 2015. He is also the Founder of Nerds To Go, Inc. He has served as a Director and as President and Chief Executive Officer of Nerds To Go, Inc. in Guilford, CT, since its inception in January 2003.

**Dennis Mulgannon - Director of Franchising.** Mr. Mulgannon has served as our Director of Franchising in El Dorado Hills, CA, since December 2016. Mr. Mulgannon has been Principal of Franchise Scale, Inc., in El Dorado Hills, CA, since January 2002.

**Sean Hansen – Franchise Development Manager.** Mr. Hansen has served as our Franchise Development Manager in El Dorado Hills, CA, since May 2017. He has also been our Area Representative through LKH Enterprises LLC in El Dorado Hills, CA, since May 2017, and has been an Area Representative and Franchise Developer for WaveMAX Laundry in El Dorado Hills, CA since November 2016. Mr. Hansen was a Director for Kiefer Consulting, Inc. in Folsom, CA from August 2011 to July 2017 where he served in IT Architect and Solutions Delivery leadership roles.

**Elvin Lee Caraway, III – Advisory Council.** Mr. Caraway has been a member of our Advisory Council in Fort Worth, Texas, since May 2017. Mr. Caraway has also been President of N2G Development, LLC (an Area Representative for NerdsToGo), in Fort Worth, Texas, since May 2017. He has also been self-employed in Fort Worth, Texas, since 2012.

**Robert D. Freeman – Advisory Council.** Mr. Freeman has been a member of our Advisory Council in Fort Worth, Texas, since May 2017. Mr. Freeman also has been Vice President of N2G Development, LLC (an Area Representative for NerdsToGo), in Fort Worth, Texas, since May 2017. He has also been President of RDF Inc. in Fort Worth, Texas, since 1983.

### **Item 3 LITIGATION**

No litigation is required to be disclosed in this Item.

### **Item 4 BANKRUPTCY**

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

### **Item 5 INITIAL FEES**

#### **Franchise Fee**

When you sign your franchise agreement, you must pay us \$75,000 as the initial franchise fee for a territory with a population of up to 225,000 people. The fee will increase \$0.25 for each additional person over 225,000 in your territory. The franchise fee is not refundable.

We discount our initial franchise fees by 5% for veterans who are honorably discharged from the United States military.

**Item 6  
OTHER FEES**

| <b>Type of Fee</b>              | <b>Amount</b>                                                                                                                                                 | <b>Due Date</b>                   | <b>Remarks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty                         | 8% of your gross service/software sales and 2% of your gross product sales. After your first year, you must pay a minimum monthly royalty of \$800 per month. | Monthly, on the 5th of each month | See Note 1 and Note 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Technology Fee                  | Currently, \$175 per month                                                                                                                                    | Monthly, on the 5th of each month | This fee is for use of our “NerdNet” proprietary operations portal, including three email addresses, one service management system license, and one customer relationship management (CRM) license. Additional email addresses are currently \$5.99 per month, additional service management licenses are \$50 per month (or other amount charged by the vendor), and additional CRM licenses are \$15 per month. We may modify NerdNet and its functionality in the future. We can increase the Technology Fee in our reasonable discretion. |
| Website Services                | At least \$400 per month                                                                                                                                      | Monthly                           | See Note 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Marketing Fund Contribution     | Up to 2% of your gross sales; currently none.                                                                                                                 | Monthly, on the 5th of each month | We do not currently have a Marketing Fund, but we reserve the right to create one in the future. We will reduce the amount of your local advertising requirement by the amount of your Marketing Fund Contribution.                                                                                                                                                                                                                                                                                                                           |
| Market Cooperative Contribution | As determined by co-op. Currently, none.                                                                                                                      | Monthly, on the 5th of each month | We have the right to establish local or regional advertising cooperatives. You will vote with other members of the co-op to determine members’ contributions to the co-op. The maximum contribution that a co-op may require is 5% of gross sales. We will reduce the amount of your local advertising requirement by the amount of your Marketing Fund Contribution.                                                                                                                                                                         |

| Type of Fee                           | Amount                                                                                                                                                                              | Due Date                    | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Replacement / Additional Training Fee | Currently, \$600 per day                                                                                                                                                            | Prior to attending training | The Franchise Fee covers our training programs for you and your initial NerdsToGo manager, up to two Technicians, and up to two Sales Representatives. We may charge a reasonable fee for training of additional and/or subsequent employees. If in our judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at your expense, including the payment to us of \$600 per day of such additional training. You are responsible for arranging and paying the expenses for transportation, meals and lodging for you and the others while attending the training program. |
| Non-compliance fee                    | \$1,000                                                                                                                                                                             | On demand                   | We may charge you \$1,000 for any non-compliance with our system specifications or your franchise agreement (including soliciting or serving a customer located in another franchisee's territory). If such non-compliance is ongoing, we may charge you \$250 per week until you cease such non-compliance.                                                                                                                                                                                                                                                                                                                                                                                                   |
| Reimbursement                         | Amount that we spend on your behalf, plus 10%                                                                                                                                       | Within 15 days of invoice   | If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Late fee                              | \$250 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law) | On demand                   | We may charge a late fee if you fail to make a required payment when due.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Failure to report sales               | \$250 per week                                                                                                                                                                      | On demand                   | We may charge this fee if you fail to report monthly gross sales                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| Type of Fee                       | Amount                                                                                        | Due Date             | Remarks                                                                                                                                                                                                            |
|-----------------------------------|-----------------------------------------------------------------------------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Insufficient funds fee            | \$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law) | On demand            | We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.                                                                                        |
| Costs of collection               | Our actual costs                                                                              | As incurred          | Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.                                                                                                     |
| Special support fee               | Our then-current fee, plus our expenses.<br>Currently, \$600 per day.                         | On demand            | If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).            |
| Customer complaint resolution     | Our expenses                                                                                  |                      | We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.                        |
| Records audit                     | Our actual cost                                                                               | On demand            | Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period. |
| Inspection fee                    | Currently \$600, plus our out-of-pocket costs                                                 | On demand            | Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.        |
| Non-compliance cure costs and fee | Our out-of-pocket costs and internal cost allocation, plus 10%                                | When billed          | We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.                  |
| Transfer fee                      | \$15,000 plus any broker fees and other out-of-pocket costs incurred by GTN                   | When transfer occurs | Payable if you sell your business (other than for estate planning purposes or to a spouse, sibling, or child).                                                                                                     |

| Type of Fee                    | Amount                                                                                                   | Due Date  | Remarks                                                                                                                                                                                                                                                                   |
|--------------------------------|----------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indemnity                      | Our costs and losses from any legal action related to the operation of your franchise                    | On demand | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence). |
| Prevailing party's legal costs | Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party | On demand | In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.                                                                                                                          |

All fees are payable only to us (except the website management fee). All fees are imposed by us and collected by us (except the website management fee). All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

#### Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sale of used equipment not in the ordinary course of business.

"Gross Product Sales" means all Gross Sales of physical products.

"Gross Service/Software Sales" means all Gross Sales of services or software, and includes all sales which are not categorized as Gross Product Sales.

2. The minimum royalty fee is not a representation that you will achieve any particular level of gross sales.

3. You must use our approved provider for website management and gi. Currently, the provider offers the following for \$400 per month:

- Platform
  - o Call Tracking – Franchises can track how many calls they've received, who from, when they called and how long the call lasted

- o Search Engine Optimization solution used for NTG to track up to 50 different franchise specific keywords and to detect issues and recommend change to improve SEO results.
- o Reporting software that gives NTG franchise owners the ability to see all of their digital marketing data in one report including data from Google Analytics, Google Adwords, Bing, Facebook and more
- Pages
  - o Website Location Pages - Setup and Ongoing Optimization of the Five Franchise Location Page
  - o Pay-Per-Click Landing Page - Setup and Ongoing Optimization of the Pay-Per-Click Landing Page
  - o Facebook Location Page - Setup and Maintenance of the Facebook Location Page (with all contact info and setup to receive the NerdsToGo corporate posts automatically)
- Search Engine Optimization (SEO)
  - o Assistance with Copywriting as Needed (for the Bio) – Ongoing Changes as Needed
  - o Ongoing SEO META Tag Changes for the Location Page
  - o Ongoing SEO Copy Changes for the Location Page
  - o Website Usability Improvements to Drive More Traffic to Location Pages
  - o Google My Business Setup & Ongoing Maintenance
  - o Local Citations – Ongoing Submission of the Franchise to Directories
- Blogs - Up to one blog per month written specifically for the individual franchise
- Monthly Reporting
  - o Assembling Monthly Reports with Insights and Recommendations for Improvements
  - o Monthly Calls with the Franchise Owner
  - o Maintenance - Additional Assistance as Needed with Reporting, Website Changes, Creative Design, Digital Marketing Advice, etc.

You can purchase additional digital advertising (SEO, SEM, Social Media and other digital approved services) from our approved provider. We recommend that you spend between \$1,000 - \$2,000 per month but may vary based on the market and territory. These costs count towards your obligation to market your business.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT – EXECUTIVE OFFICE MODEL**

| <b>Type of expenditure</b>                                  | <b>Amount</b>        | <b>Method of payment</b>    | <b>When due</b>                      | <b>To whom payment is to be made</b> |
|-------------------------------------------------------------|----------------------|-----------------------------|--------------------------------------|--------------------------------------|
| Initial franchise fee (see Note 1)                          | \$75,000 - \$100,000 | Check or wire transfer      | Upon signing the franchise agreement | Us                                   |
| Vehicle Leases for 2 to 3 NerdVan (see Note 2)              | \$800 - \$1,200      | Check or debit              | Upon purchase                        | Vendor                               |
| Vehicle Wrap for 2 to 3 NerdVans (see Note 3)               | \$6,600 - \$10,200   | Check, debit, and/or credit | As incurred                          | Us; local wrap installer             |
| Equipment, Tools & Systems for 2 to 3 NerdVans (see Note 4) | \$2,000 - \$3,000    | Check, debit, and/or credit | As incurred                          | Vendors and suppliers                |
| Vehicle Inventory for 2 to 3 NerdVans (see Note 5)          | \$2,500 - \$7,500    | Check, debit, and/or credit | As incurred                          | Vendors and suppliers                |
| Real Estate / Rent (see Note 6)                             | \$1,000 - \$3,000    | Check                       | Upon signing lease                   | Landlord                             |
| Utilities                                                   | \$250 - \$500        | Check, debit, and/or credit | Upon ordering service                | Utility providers                    |
| Leasehold Improvements (see Note 7)                         | \$2,000 - \$10,000   | Check                       | As incurred or when billed           | Contractors                          |
| Furniture, Fixtures, Cabinetry, and Displays                | \$1,000 - \$5,000    | Check, debit, and/or credit | As incurred                          | Vendors and suppliers                |
| Office Supplies                                             | \$100 - \$300        | Check, debit, and/or credit | As incurred                          | Vendors and suppliers                |
| Service Area, Equipment, Tools, and Systems (see Note 8)    | \$1,500 - \$5,000    | Check, debit, and/or credit | As incurred                          | Vendors and suppliers                |
| Insurance (see Note 9)                                      | \$400 - \$1,000      | Check                       | Upon ordering                        | Insurance company                    |
| Signage – Inside and Outside                                | \$1,000 - \$3,000    | Check, debit, and/or credit | Upon ordering                        | Vendors and suppliers                |
| Professional Fees (lawyer, accountant, etc.)                | \$250 - \$1,000      | Check, debit, and/or credit | As incurred or when billed           | Professional service firms           |

| Type of expenditure                                 | Amount                | Method of payment           | When due                   | To whom payment is to be made             |
|-----------------------------------------------------|-----------------------|-----------------------------|----------------------------|-------------------------------------------|
| Marketing Introduction Plan (see Note 10)           | \$10,000 - \$30,000   | Check, debit, and/or credit | As incurred or when billed | Vendors and suppliers                     |
| Sales Staff for the first 4 Months (see Note 11)    | \$16,000 - \$32,000   | Check                       | As agreed                  | Employee(s)                               |
| Marketing Materials and Uniforms (see Note 12)      | \$2,500 - \$8,000     | Check, debit, and/or credit | Upon ordering              | Vendors and suppliers                     |
| Travel, Lodging and Meals for Initial Training      | \$1,000 - \$5,000     | Cash, debit or credit       | As incurred                | Airlines, hotels, and restaurants         |
| Additional funds (for first 4 months) (see Note 13) | \$25,000 - \$60,000   | Varies                      | Varies                     | Employees, suppliers, landlord, utilities |
| Total (see Note 14)                                 | \$148,900 - \$285,700 |                             |                            |                                           |

**YOUR ESTIMATED INITIAL INVESTMENT – LOCAL SERVICE CENTER MODEL**

| Type of expenditure                                         | Amount               | Method of payment           | When due                             | To whom payment is to be made |
|-------------------------------------------------------------|----------------------|-----------------------------|--------------------------------------|-------------------------------|
| Initial franchise fee (see Note 1)                          | \$75,000 - \$100,000 | Check or wire transfer      | Upon signing the franchise agreement | Us                            |
| Vehicle Leases for 2 to 3 NerdVans (see Note 2)             | \$800 - \$1,200      | Check or debit              | Upon purchase                        | Vendor                        |
| Vehicle Wrap for 2 to 3 NerdVans (see Note 3)               | \$6,800 - \$10,200   | Check, debit, and/or credit | As incurred                          | Us; local wrap installer      |
| Equipment, Tools & Systems for 2 to 3 NerdVans (see Note 4) | \$2,000 - \$3,000    | Check, debit, and/or credit | As incurred                          | Vendors and suppliers         |
| Vehicle Inventory for 2 to 3 NerdVans (see Note 5)          | \$2,500 - \$7,500    | Check, debit, and/or credit | As incurred                          | Vendors and suppliers         |
| Real Estate / Rent (see Note 6)                             | \$2,000 - \$9,000    | Check                       | Upon signing lease                   | Landlord                      |
| Utilities                                                   | \$250 - \$500        | Check, debit, and/or credit | Upon ordering service                | Utility providers             |

| Type of expenditure                                      | Amount                | Method of payment           | When due                   | To whom payment is to be made             |
|----------------------------------------------------------|-----------------------|-----------------------------|----------------------------|-------------------------------------------|
| Leasehold Improvements (see Note 7)                      | \$15,000 - \$30,000   | Check                       | As incurred or when billed | Contractors                               |
| Furniture, Fixtures, Cabinetry, and Displays             | \$5,400 - \$12,500    | Check, debit, and/or credit | As incurred                | Vendors and suppliers                     |
| Office Supplies                                          | \$100 - \$300         | Check, debit, and/or credit | As incurred                | Vendors and suppliers                     |
| Service Area, Equipment, Tools, and Systems (see Note 8) | \$1,500 - \$5,000     | Check, debit, and/or credit | As incurred                | Vendors and suppliers                     |
| Insurance (see Note 9)                                   | \$400 - \$1,000       | Check                       | Upon ordering              | Insurance company                         |
| Signage – Inside and Outside                             | \$2,500 - \$7,700     | Check, debit, and/or credit | Upon ordering              | Vendors and suppliers                     |
| Professional Fees (lawyer, accountant, etc.)             | \$250 - \$1,000       | Check, debit, and/or credit | As incurred or when billed | Professional service firms                |
| Marketing Introduction Plan (see Note 10)                | \$20,000 - \$40,000   | Check, debit, and/or credit | As incurred or when billed | Vendors and suppliers                     |
| Sales Staff for the first 4 Months (see Note 11)         | \$16,000 - \$32,000   | Check                       | As agreed                  | Employee(s)                               |
| Marketing Materials and Uniforms (see Note 12)           | \$2,500 - \$8,000     | Check, debit, and/or credit | Upon ordering              | Vendors and suppliers                     |
| Travel, Lodging and Meals for Initial Training           | \$1,000 - \$5,000     | Cash, debit or credit       | As incurred                | Airlines, hotels, and restaurants         |
| Additional funds (for first 4 months) (see Note 13)      | \$45,000 - \$60,000   | Varies                      | Varies                     | Employees, suppliers, landlord, utilities |
| Total (see Note 14)                                      | \$199,000 - \$333,900 |                             |                            |                                           |

## Notes

1. **Franchise Fee; Refunds.** The amount of the initial franchise fee is determined by population in your territory. For a territory with up to 225,000 people, the franchise fee is \$75,000. The fee will increase by \$.25 for each additional person in your territory. The high amount would be for a territory with 325,000 population. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Vehicle Leases. You will begin your NerdsToGo franchise with the number of NerdVans that's appropriate for the size of your territory and how you start that business. You must start with at least two NerdVans. The low-end estimate assumes you lease two NerdVans before opening for \$350 each. The high-end estimate assumes you start the business with a fleet of three cars for \$400 each.

3. Vehicle Graphics. Your vehicles must have our required vehicle graphics. You will purchase the vehicle wrap either through us or directly from our approved vendor. The vendor have the vehicle wrap mailed to your local installer.

4. Equipment, Tools and Systems for NerdVans. This reflects the amount you pay for the diagnostic and repair equipment, tools and systems you will need for each NerdVan to service and repair computer and electronic devices. We estimate the cost of these items at \$1,000 per NerdVan. The estimates in the table above assume you start with two to three NerdVans.

5. Inventory. You will need to buy opening inventory that complies with our specifications. This inventory will include computer and electronic devices, computer accessories and computer and electronic parts. The inventory will include computer desktops, laptops, routers, switches, hubs, cables, tablets, digital music players, parts, computer accessories, cell phones and accessories. We estimate the cost of inventory at \$2,500 per NerdVan.

6. Rent. In the Local Service Center Model, your business will be in visible retail location and built out to our specifications for design and décor. In the Executive Office Model, you will likely have lower expenses for rent and build-out. In either case, rent depends on size, location, local rental rates, site profile, amenities, and other factors, and could be significantly higher in high-density areas. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

7. Leasehold Improvements. The space you lease for your business must be appropriate for a NerdsToGo without major renovations. The leasehold improvements for a Local Service Center Model will be more extensive than an Executive Office Model. The estimated cost for leasehold improvements assumes you pay for the work yourself, rather than using "tenant improvement" money contributed by the landlord.

8. Equipment, Tools and Systems for Local Service Center Model. This reflects the amount you pay for the equipment you will need for your Local Service Center Model, including computers, monitors, servers, tools, routers, testing software, security camera system and equipment, and other diagnostics tools and equipment needed to operate the business and potentially service and repair computer and electronic devices at the center.

9. Insurance. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

10. Initial Marketing. This reflects the amount you will spend for advertising and marketing before opening your business and over the course of the first three months of being in

business. We require you to spend at least \$20,000 on advertising and marketing in this period if you have an Executive Office Model and \$30,000 if you have a Local Service Center Model.

11. Sales Staff. You must have at least one employee (other than a franchise owner) dedicated full time to sales and business development. We recommend that you have two. We estimate the cost of a sales person at \$4,000 per month.

12. Marketing Material. This is an estimate for marketing related expenses for brochures, handouts, giveaways, promotional material and uniforms for your staff members including shirts, jackets, t-shirts and wearable items to promote the business.

13. Additional Funds. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, advertising, marketing, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of NerdsToGo businesses by our affiliate and franchisees, and our general knowledge of the industry.

14. Staffing and Other Conditions to Opening. Before you open, you must satisfy all of our pre-opening requirements. These include having at least full-time one Nerd (who has completed our training), at least one full-time sales person (who has completed our training), and at least one full-time customer specialist to interact with customers and dispatch Nerds.

The figures in these tables are estimates, and we cannot guarantee that you will not have additional, or higher, expenses. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

#### Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. If you have a Local Service Center Model, you must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit C).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Computer Systems. You must purchase the software and computers systems that we specify. See Item 11 for more details.

D. Vehicles. You must use a Nissan NV200 or other vehicle approved by us in writing. The vehicle must be wrapped with our required graphics. The boxy style car is a critical element of our brand, and all the cars at a particular franchise must be the same year, make and model. You will purchase your vehicle wraps through us; we will have them mailed to your local installer. You will open your business two to three vehicles.

E. Website Management. You must use our preferred vendor for website management, search engine optimization, and search engine marketing.

F. Signs. You must use our preferred vendor for exterior signage.

#### Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

#### Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

#### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will

provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

#### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

#### Revenue to Us and Our Affiliates

We derive revenue from franchisees' payments for NerdNet and franchisees' optional purchase of vehicle wraps through us. We also derive revenue from earlier franchisees who pay us 4% of gross sales in exchange for our call center services; we no longer require or offer this service to new franchisees. Our total revenue in the prior fiscal year was \$295,149. Our revenue from all purchases and leases of products and services by franchisees in the prior fiscal year was \$64,119, or 21.7%.

#### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 60% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 75% of your total purchases and leases of goods and services to operate your business.

#### Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

#### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

#### Negotiated Arrangements

We have negotiated purchase arrangements with various suppliers (including price terms) for the benefit of franchisees, such as our website management/SEO/SEM provider.

### Benefits Provided to You for Purchases

We do not provide any material benefit to you (such as renewal or granting additional franchises) based on your purchase of particular goods or services, or your use of particular suppliers.

### **Item 9 FRANCHISEE'S OBLIGATIONS**

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

| <b>Obligation</b>                                          | <b>Section in agreement</b>                                    | <b>Disclosure document item</b> |
|------------------------------------------------------------|----------------------------------------------------------------|---------------------------------|
| a. Site selection and acquisition/lease                    | §§ 6.1, 6.2                                                    | Item 11                         |
| b. Pre-opening purchase/leases                             | §§ 6.2, 6.3                                                    | Items 5, 7, 8 and 11            |
| c. Site development and other pre-opening requirements     | Article 6                                                      | Items 5, 7, 8 and 11            |
| d. Initial and ongoing training                            | §§ 5.4, 6.4, 7.6                                               | Items 5, 6, 8 and 11            |
| e. Opening                                                 | §§ 6.5, 6.6                                                    | Items 7, 8 and 11               |
| f. Fees                                                    | Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6     | Items 5, 6 and 7                |
| g. Compliance with standards and policies/operating manual | §§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1 | Items 8, 11 and 14              |
| h. Trademarks and proprietary information                  | Article 12, § 13.1                                             | Items 13 and 14                 |
| i. Restrictions on products/services offered               | § 7.3                                                          | Items 8, 11 and 16              |
| j. Warranty and customer service requirements              | §§ 7.3, 7.8, 7.9                                               | Item 8                          |
| k. Territorial development and sales quotas                | § 2.2                                                          | Item 12                         |
| l. Ongoing product/service purchases                       | Article 8                                                      | Items 6 and 8                   |
| m. Maintenance, appearance, and remodeling requirements    | §§ 3.2, 7.12, 7.13, 15.2                                       | Items 6, 7 and 8                |
| n. Insurance                                               | § 7.15                                                         | Items 6, 7 and 8                |
| o. Advertising                                             | Article 9                                                      | Items 6, 7, 8 and 11            |
| p. Indemnification                                         | Article 16                                                     | Items 6 and 8                   |
| q. Owner's participation/management/staffing               | § 2.4                                                          | Items 15                        |

| Obligation                      | Section in agreement | Disclosure document item |
|---------------------------------|----------------------|--------------------------|
| r. Records and reports          | Article 10           | Item 11                  |
| s. Inspections and audits       | §§ 10.5, 11.2        | Items 6 and 11           |
| t. Transfer                     | Article 15           | Items 6 and 17           |
| u. Renewal                      | § 3.2                | Item 17                  |
| v. Post-termination obligations | Article 13, § 14.3   | Item 17                  |
| w. Non-competition covenants    | § 13.2               | Item 17                  |
| x. Dispute resolution           | Article 17           | Items 6 and 17           |

## Item 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

## Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

### Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, visibility (for a Local Service Center Model), accessibility, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor (Section 5.4).

C. *Hiring and training employees.* We will provide you with our minimum staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1).

F. *Initial training program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.4).

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4).

### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is three to six months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

## Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our minimum staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.5).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* If we create the Marketing Fund, we will administer it. (Section 5.5). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the NerdsToGo brand, which will include your business information. (Section 5.5)

## Advertising

*Our obligation.* If we create the Marketing Fund, we will use it only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund, if it exists). We have no other obligation to conduct advertising.

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or

marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

*Advertising Fund.* If we create the Marketing Fund, then you and all other franchisees must contribute to our Marketing Fund. Your contribution will be 2% of gross sales per week (or such lesser amount as we determine). We reserve the right to have other outlets (including our own) contribute a different amount or at a different rate. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request. If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year. No money from the Marketing Fund will be spent principally to solicit new franchise sales.

*Market introduction plan.* You must implement a market introduction plan that we have approved. Before opening your business and over the course of the first three months of being in business, we require you to spend at least \$20,000 on advertising and marketing in this period if you have an Executive Office Model and \$30,000 if you have a Local Service Center Model

*Required spending.* After the initial market introduction plan, you must spend the greater of 10% of gross sales or \$5,000 each month on marketing your business. We have the sole discretion to determine what activities constitute “marketing”.

*Online Marketing.* You must use our approved provider for website management, search engine optimization (SEO), and search engine marketing (SEM).

## Point of Sale and Computer Systems

You must use our “NerdNet” cloud-based software. The system is designed to provide you with daily management systems and infrastructure as it relates to management, financials and daily transactions. NerdNet will generate or store data such as financial, transaction and customer information. Our monthly technology fee (currently \$175 per month) includes NerdNet, a license for our service management software (currently \$50 per month for each additional license), four email addresses (currently \$5.99 per month for each additional license) and one customer relationship management license (currently \$15 per month for each additional license).

We require you to buy (or lease) and use computers; monitors; printers; applications for word processing, spreadsheets, accounting, and other typical office needs; internet access; and mobile phones as needed for your business. We currently do not require any particular computers, peripherals, or software except as listed above.

We estimate that these systems will cost between \$5,500 and \$21,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,000 to \$5,000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

## Operating Manual

See Exhibit F for the table of contents of our Operating Manual, and the number of pages devoted to each subject. There are 260 pages in the Operating Manual.

## Training Program

Our training program consists of the following:

### **TRAINING PROGRAM**

| <b>Subject</b>                            | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b> |
|-------------------------------------------|------------------------------------|-------------------------------------|-----------------|
| Introduction and Administrative           | 1                                  |                                     | Guilford, CT    |
| Computer Support Industry and Competition | 1                                  |                                     | Guilford, CT    |

| <b>Subject</b>                                    | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b> |
|---------------------------------------------------|------------------------------------|-------------------------------------|-----------------|
| Understanding Potential Clients and Target Market | 1                                  |                                     | Guilford, CT    |
| How to handle competition                         | 1                                  |                                     | Guilford, CT    |
| Your Business Plan                                | 1                                  |                                     | Guilford, CT    |
| Service Offerings                                 | 4                                  |                                     | Guilford, CT    |
| Pricing                                           | 3                                  |                                     | Guilford, CT    |
| Customer Service                                  | 2                                  |                                     | Guilford, CT    |
| Service Call Procedures                           | 4                                  |                                     | Guilford, CT    |
| Financial Procedures                              | 2                                  |                                     | Guilford, CT    |
| Hiring and Staffing                               | 4                                  |                                     | Guilford, CT    |
| Operations Manual Usage                           | 1                                  |                                     | Guilford, CT    |
| Work Order Processing                             | 1                                  |                                     | Guilford, CT    |
| Selling Services and Products                     | 6                                  |                                     | Guilford, CT    |
| Marketing and Advertising                         | 4                                  |                                     | Guilford, CT    |
| Guerilla Marketing Program                        | 2                                  |                                     | Guilford, CT    |
| <b>TOTALS:</b>                                    | <b>38</b>                          |                                     |                 |

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. Training will be held at our offices and business location in Guilford, Connecticut. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes are overseen by David Colella. His experience is described in Item 2. He has 27 years of experience in our industry, and 17 years of experience with us or our affiliates. Classes on particular topics may be led by individual training class leaders. Class leaders will have at least one year of experience in the applicable field.

There is no fee for up to four people to attend training. You must pay the travel and living expenses of people attending training.

You and your general manager must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

We will provide our Nerd technician training program to up two technicians and our sales and business development training program to up to two salespeople before you open. There is no additional fee for this service. The Nerd technician training is held at our offices and location in Guilford, Connecticut; you are responsible for the travel and living expenses. The sales and business development training is done online.

Your business must at all times be under your on-site supervision or under the on-site supervision of or a general manager who has completed our training program. If you need to send an employee to our training program, we will charge a fee, which is currently \$600 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### **Your Location**

Although a NerdsToGo business is primarily a mobile service business, your franchise will operate from a specific dedicated Local Service Center Model. If the location of the Local Service Center Model is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### **Grant of Territory**

Your franchise agreement will specify a territory, which will be determined by mutual agreement before you sign the franchise agreement. If your territory has a population of up to 225,000 people, then you pay the base franchise fee of \$75,000. If the population in your territory exceeds 225,000, you pay \$0.25 per additional person.

### **Relocation; Establishment of Additional Outlets**

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets or expand into additional territory. If you desire to establish additional franchised outlets, you must (1) meet our then-current criteria for new franchisees as well as our then-current criteria for multi-unit franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate the franchise successfully, and (4) obtain our agreement.

### **Options to Acquire Additional Franchises**

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### Territory Protection

We grant you an exclusive territory, meaning that in your territory, we will not open a NerdsToGo outlet, nor license or franchise another party to open a NerdsToGo outlet.

We may dispatch another NerdsToGo operator to service to a customer in your territory if: (i) you are not available to service the call within the time requirements we specify, (ii) the customer makes a special request which we elect to honor, (iii) we determine it necessary based on the experience and skills necessary to perform the requested services, or (iv) the customer is a national account or regional account customer and you are not participating in the account program for the customer, or (v) if you are in default of your franchise agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

### Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

### Soliciting by You Outside Your Territory

Your marketing must be primarily targeted at customers inside your territory. You cannot serve customers located outside of your territory.

### Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer.

## **Item 13 TRADEMARKS**

### Principal Trademarks

The following are the principal trademarks that we license to you. These trademarks are owned by our affiliate, Nerds To Go, Inc. They are registered on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

| Trademark                                                                         | Registration Number | Registration Date |
|-----------------------------------------------------------------------------------|---------------------|-------------------|
|  | 3138889             | September 5, 2006 |
| NERDS TO GO                                                                       | 4,886,072           | January 12, 2016  |

### Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Nerds To Go, Inc., our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Nerds To Go, Inc., we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we shall defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

#### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

### **Item 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

##### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

##### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

## Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

## **Item 15**

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

#### Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

#### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

### Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

#### **Item 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

#### **Item 17**

#### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

#### **THE FRANCHISE RELATIONSHIP**

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

| <b>Provision</b>                    | <b>Section in franchise or other agreement</b> | <b>Summary</b>                                                                         |
|-------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------|
| a. Length of the franchise term     | § 3.1                                          | 10 years from date of franchise agreement.                                             |
| b. Renewal or extension of the term | § 3.2                                          | You may obtain a successor franchise agreement for up to two additional 10-year terms. |

| Provision                                         | Section in franchise or other agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| c. Requirements for franchisee to renew or extend | § 3.2                                   | <p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 10-year term.</p> |
| d. Termination by franchisee                      | § 14.1                                  | If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| e. Termination by franchisor without cause        | Not Applicable                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| f. Termination by franchisor with cause           | § 14.2                                  | We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| g. “Cause” defined--curable defaults              | § 14.2                                  | Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| <b>Provision</b>                                       | <b>Section in franchise or other agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| h. “Cause” defined--non-curable defaults               | § 14.2                                         | Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. |
| i. Franchisee’s obligations on termination/non-renewal | §§ 14.3 – 14.6                                 | Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| j. Assignment of agreement by us                       | § 15.1                                         | Unlimited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| k. “Transfer” by franchisee - defined                  | Article 1                                      | For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in your business, or (iv) control of the business.                                                                                                                                                                                                                                                                                                                  |
| l. Franchisor’s approval of transfer by franchisee     | § 15.2                                         | No transfers without our approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| <b>Provision</b>                                                          | <b>Section in franchise or other agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| m. Conditions for franchisor's approval of transfer                       | § 15.2                                         | Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable). |
| n. Franchisor's right of first refusal to acquire franchisee's business   | § 15.5                                         | If you want to transfer your business (other than to your co-owner, spouse, sibling, or child), we have a right of first refusal.                                                                                                                                                                                                                                                                                                                       |
| o. Franchisor's option to purchase franchisee's business                  | Not Applicable                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| p. Death or disability of franchisee                                      | §§ 2.4, 15.4                                   | If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.                                                                                                                                                                                                                                             |
| q. Non-competition covenants during the term of the franchise             | § 13.2                                         | Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.                                                                                                                                                                                                                                                                                                         |
| r. Non-competition covenants after the franchise is terminated or expires | § 13.2                                         | For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other NerdsToGo business operating on the date of termination.                                                                                                                                                                                                                                                     |
| s. Modification of the agreement                                          | § 18.4                                         | No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.                                                                                                                                                                                                                                    |

| <b>Provision</b>                                  | <b>Section in franchise or other agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| t. Integration/merger clause                      | § 18.3                                         | Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim in made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.                                                                                                                      |
| u. Dispute resolution by arbitration or mediation | § 17.1                                         | All disputes are resolved by arbitration (except for injunctive relief), subject to state law.                                                                                                                                                                                                                                                                                                                                                                   |
| v. Choice of forum                                | §§ 17.1; 17.5                                  | Arbitration will take place where our headquarters is located (currently, Guilford, Connecticut) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law). |
| w. Choice of law                                  | § 18.8                                         | Connecticut (subject to applicable state law).                                                                                                                                                                                                                                                                                                                                                                                                                   |

**For additional disclosures required by certain states, refer to Exhibit H - State Addenda to Disclosure Document**

### **Item 18 PUBLIC FIGURES**

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

### **Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

example, by providing information about possible performance at a particular location or under particular circumstances.

**Table 1 – Gross Sales for NerdsToGo in Guilford, CT**

Recent 4 Years

|             | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|-------------|-------------|-------------|-------------|-------------|
| Gross Sales | \$1,283,518 | \$1,240,317 | \$1,267,317 | \$1,260,628 |

**Table 2 – Gross Sales per Work Order**

Period: January 1, 2018 – December 31, 2018

| <b>Description Metric</b> | <b>Gross Sales per Work Order</b> |
|---------------------------|-----------------------------------|
| Low-End / High-End Range  | \$79 - \$4,656                    |
| Average Work Order        | \$287                             |
| Median Work Order         | \$191                             |

**Notes:**

1. The tables above show historical financial performance for the NerdsToGo business operated by our affiliate Nerds To Go, Inc., in Guilford, Connecticut. This business opened in 2003. It operates on the “Local Service Center” model. In addition to this location, there were three franchised locations open for all of 2018 that did not change ownership. One outlet had gross sales of \$264,597; that outlet does not operate on our current franchise model with a separate sales staff. The other two outlets did not report gross sales. (Our affiliate opened a call center in a separate location in September 2017, which accepted a small amount of walk-in business that was handled out of the Guilford store. We do not consider the call center location to be a separate NerdsToGo business.)

2. “Gross Sales” means the grand total of all sale transactions reported in a period, without any deductions. Gross Sales are generated primarily (but not entirely) from four categories: (i) on-site service calls, (ii) on-site product sales, (iii) walk-in service, and (iv) walk-in product sales. “On-site” refers to service and sales performed at the customer’s location.

3. Table 2 is based on a sampling of over 4,000 Work Orders ranging from \$79 to \$4,656. It does not include all Work Orders, and it specifically excludes small purchases of products and Work Orders where our affiliate refunded or did not charge the customer. This table is from January 1, 2018 – December 31, 2018.

4. Characteristics of NerdsToGo in Guilford, Connecticut may differ materially from those of the outlet you operate, including size and population of your territory; number of

NerdVans you operate; demographics; competition; the level of brand awareness and acceptance within your territory; the length of time the business has been operated; weather and climate conditions; amount and type of marketing; the relevant percentage of residential jobs versus commercial jobs; and other factors. Unlike the business you will operate, the NerdsToGo business in Guilford does not have a territorial boundary.

**Some NerdsToGo businesses have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.**

Written substantiation for the financial performance representation in this Item 19 will be made available to you upon reasonable request.

Other than the preceding financial performance representation, GTN Capital Group LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Colella, 1250 Boston Post Rd # 4, Guilford, CT 06437, and 1-800-390-NERD, the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20 OUTLETS AND FRANCHISEE INFORMATION

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2016 to 2018**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the<br>Start of the Year | Column 4<br>Outlets at the<br>End of the Year | Column 5<br>Net Change |
|-------------------------|------------------|-------------------------------------------------|-----------------------------------------------|------------------------|
| Franchised              | 2016             | 0                                               | 0                                             | 0                      |
|                         | 2017             | 0                                               | 4                                             | +4                     |
|                         | 2018             | 4                                               | 15                                            | +11                    |
| Company-Owned*          | 2016             | 1                                               | 1                                             | 0                      |
|                         | 2017             | 1                                               | 1                                             | 0                      |
|                         | 2018             | 1                                               | 1                                             | 1                      |
| Total Outlets           | 2016             | 1                                               | 1                                             | 0                      |
|                         | 2017             | 1                                               | 5                                             | +4                     |
|                         | 2018             | 5                                               | 16                                            | +11                    |

\*The company-owned location is operated by our affiliate, Nerds To Go, Inc. in Guilford, Connecticut. Our affiliate opened a call center in a separate location in September 2017, which accepted a small amount of walk-in business that was handled out of the Guilford store. We do not consider the call center location to be a separate NerdsToGo business.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2016 to 2018**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
| Texas             | 2016             | 0                               |
|                   | 2017             | 0                               |
|                   | 2018             | 1                               |
| Total             | 2016             | 0                               |
|                   | 2017             | 0                               |
|                   | 2018             | 1                               |

**Table 3**  
**Status of Franchised Outlets**  
**For fiscal years 2016 to 2018**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at<br>the Start<br>of the<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Termi-<br>Nations | Column 6<br>Non-<br>Renewals | Column 7<br>Reacquired<br>by<br>Franchisor | Column 8<br>Ceased<br>Operations<br>– Other<br>Reasons | Column 9<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|-------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------------------|--------------------------------------------------------|----------------------------------------------|
| Alabama           | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2018             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| Colorado          | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
|                   | 2018             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 1                                                      | 0                                            |
| Indiana           | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
|                   | 2018             | 1                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| Iowa              | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at<br>the Start<br>of the<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Termi-<br>Nations | Column 6<br>Non-<br>Renewals | Column 7<br>Reacquired<br>by<br>Franchisor | Column 8<br>Ceased<br>Operations<br>– Other<br>Reasons | Column 9<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|-------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------------------|--------------------------------------------------------|----------------------------------------------|
|                   | 2018             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| Massachusetts     | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
|                   | 2018             | 1                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 2                                            |
| Nevada            | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2018             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| North Carolina    | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2018             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| Oregon            | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
|                   | 2018             | 1                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| Texas             | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 2                             | 0                             | 0                            | 0                                          | 1                                                      | 1                                            |
|                   | 2018             | 1                                                     | 5                             | 0                             | 0                            | 0                                          | 0                                                      | 6                                            |
| Washington        | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2018             | 0                                                     | 1                             | 0                             | 0                            | 0                                          | 0                                                      | 1                                            |
| Totals            | 2016             | 0                                                     | 0                             | 0                             | 0                            | 0                                          | 0                                                      | 0                                            |
|                   | 2017             | 0                                                     | 5                             | 0                             | 0                            | 0                                          | 1                                                      | 4                                            |
|                   | 2018             | 4                                                     | 12                            | 0                             | 0                            | 0                                          | 1                                                      | 15                                           |

**Table 4**  
**Status of Company-Owned Outlets**  
**For fiscal years 2016 to 2018**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at<br>the Start<br>of the<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Outlets<br>Reacquired<br>From<br>Franchisee | Column 6<br>Outlets<br>Closed | Column 7<br>Outlets<br>Sold to<br>Franchisee | Column 8<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|-------------------------------------------------------|-------------------------------|---------------------------------------------------------|-------------------------------|----------------------------------------------|----------------------------------------------|
| Connecticut       | 2016             | 1                                                     | 0                             | 0                                                       | 0                             | 0                                            | 1                                            |
|                   | 2017             | 1                                                     | 0                             | 0                                                       | 0                             | 0                                            | 1                                            |
|                   | 2018             | 1                                                     | 0                             | 0                                                       | 0                             | 0                                            | 1                                            |
| Totals            | 2016             | 1                                                     | 0                             | 0                                                       | 0                             | 0                                            | 1                                            |
|                   | 2017             | 1                                                     | 0                             | 0                                                       | 0                             | 0                                            | 1                                            |
|                   | 2018             | 1                                                     | 0                             | 0                                                       | 0                             | 0                                            | 1                                            |

**Table 5**  
**Projected Openings As Of December 31, 2018**

| Column 1<br>State | Column 2<br>Franchise Agreements<br>Signed But Outlet Not<br>Opened | Column 3<br>Projected New<br>Franchised Outlets In<br>The Next Fiscal Year | Column 4<br>Projected New Company-<br>Owned Outlets In the<br>Next Fiscal Year |
|-------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Arizona           | 0                                                                   | 1                                                                          | 0                                                                              |
| California        | 0                                                                   | 1                                                                          | 0                                                                              |
| Colorado          | 1                                                                   | 1                                                                          | 0                                                                              |
| Georgia           | 0                                                                   | 1                                                                          | 0                                                                              |
| Florida           | 0                                                                   | 2                                                                          | 0                                                                              |
| Kentucky          | 0                                                                   | 1                                                                          | 0                                                                              |
| Illinois          | 0                                                                   | 1                                                                          | 0                                                                              |
| Minnesota         | 0                                                                   | 1                                                                          | 0                                                                              |
| New Jersey        | 1                                                                   | 1                                                                          | 0                                                                              |
| New York          | 0                                                                   | 2                                                                          | 0                                                                              |
| North Carolina    | 0                                                                   | 1                                                                          | 0                                                                              |
| Oregon            | 0                                                                   | 1                                                                          | 0                                                                              |
| Pennsylvania      | 1                                                                   | 1                                                                          | 0                                                                              |
| South Carolina    | 0                                                                   | 1                                                                          | 0                                                                              |
| Texas             | 0                                                                   | 2                                                                          | 0                                                                              |

| <b>Column 1<br/>State</b> | <b>Column 2<br/>Franchise Agreements<br/>Signed But Outlet Not<br/>Opened</b> | <b>Column 3<br/>Projected New<br/>Franchised Outlets In<br/>The Next Fiscal Year</b> | <b>Column 4<br/>Projected New Company-<br/>Owned Outlets In the<br/>Next Fiscal Year</b> |
|---------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Utah                      | 0                                                                             | 1                                                                                    | 0                                                                                        |
| Virginia                  | 1                                                                             | 1                                                                                    | 0                                                                                        |
| Totals                    | 4                                                                             | 20                                                                                   | 0                                                                                        |

### Current Franchisees

Exhibit G contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

### Former Franchisees

Exhibit G contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ending December 31, 2016, or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

Exhibit E contains our audited financial statements for the fiscal years ended December 31, 2018, December 31, 2017, and December 31, 2016.

**Item 22**  
**CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- H. State Addenda to Franchise Agreement

**Item 23**  
**RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## EXHIBIT A

### STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

| State      | State Administrator                                                                                                                                                | Agent for Service of Process (if different from State Administrator)                                                                                                                               |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| California | Commissioner of Business Oversight<br>Department of Business Oversight<br>1515 K Street<br>Suite 200<br>Sacramento, CA 95814-4052<br>866-275-2677                  |                                                                                                                                                                                                    |
| Delaware   | N/A                                                                                                                                                                | Corporation Service Company<br>2711 Centerville Road, Suite 400<br>Wilmington, Delaware 19808                                                                                                      |
| Hawaii     | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>P.O. Box 40<br>Honolulu, HI 96810<br>(808) 586-2722 | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois   | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465                                               |                                                                                                                                                                                                    |
| Indiana    | Franchise Section<br>Indiana Securities Division<br>Secretary of State<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681       |                                                                                                                                                                                                    |
| Maryland   | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360                                       | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020                                                                                                              |

| State        | State Administrator                                                                                                                                                                          | Agent for Service of Process (if different from State Administrator)                                                                                  |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Michigan     | Michigan Attorney General's Office<br>Consumer Protection Division<br>Attn: Franchise Section<br>525 W. Ottawa Street<br>Williams Building, 1st Floor<br>Lansing, MI 48933<br>(517) 373-7117 |                                                                                                                                                       |
| Minnesota    | Minnesota Department of Commerce<br>Securities-Franchise Registration<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500                               | Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 |
| New York     | New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty St. 21st Floor<br>New York, NY 10005<br>212-416-8236                                                            | Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231                                                                                        |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Ave., State Capital Fifth<br>Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712                                          |                                                                                                                                                       |
| Oregon       | Department of Consumer & Business<br>Services<br>Division of Finance and Corporate Securities<br>Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4140                      |                                                                                                                                                       |
| Rhode Island | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue<br>John O. Pastore Complex-69-1<br>Cranston, RI 02920-4407<br>(401) 462-9527                                 |                                                                                                                                                       |
| South Dakota | Division of Insurance<br>Securities Regulation<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563                                                                      |                                                                                                                                                       |
| Virginia     | State Corporation Commission<br>1300 East Main Street<br>9th Floor<br>Richmond, VA 23219<br>(804) 371-9051                                                                                   | Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219                                                   |

| State      | State Administrator                                                                                                           | Agent for Service of Process (if different from State Administrator)                                                                   |
|------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Washington | Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507<br>(360) 902-8760           | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd SW<br>Tumwater, WA 98501<br>(360) 902-8760                |
| Wisconsin  | Division of Securities<br>Department of Financial Institutions<br>Post Office Box 1768<br>Madison, WI 53701<br>(608) 266-2801 | Securities and Franchise Registration<br>Wisconsin Securities Commission<br>201 West Washington Avenue, Suite 300<br>Madison, WI 53703 |

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

| SUMMARY PAGE             |                                                                                                                                                                  |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Franchisee            | _____                                                                                                                                                            |
| 2. Initial Franchise Fee | \$75,000 for a territory with a population of up to 225,000 people. The fee will increase \$0.25 for each additional person over 225,000 in your territory _____ |
| 3. Business Model        | _____ Executive Office Model<br>_____ Local Service Center Model                                                                                                 |
| 4. Business Location     | _____                                                                                                                                                            |
| 5. Opening Deadline      | 180 days after Effective Date                                                                                                                                    |
| 6. Principal Executive   | _____                                                                                                                                                            |
| 7. Franchisee's Address  | _____                                                                                                                                                            |

## FRANCHISE AGREEMENT

This Agreement is made between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”), and Franchisee effective as of the date signed by GTN (the “Effective Date”).

### Background Statement:

A. GTN and its affiliate Nerds To Go, Inc. have created and own a system (the “System”) for developing and operating a technology repair and service business under the trade name “NerdsToGo”.

B. The System includes (1) methods, procedures, and standards for developing and operating a NerdsToGo business, (2) plans, specifications, equipment, signage and trade dress for NerdsToGo businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by GTN from time to time.

C. The parties desire that GTN license the Marks and the System to Franchisee for Franchisee to develop and operate a NerdsToGo business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by GTN.

“**Business**” means the NerdsToGo business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business offering computer and technology repair or service.

“**Confidential Information**” means all non-public information of or about the System, GTN, and any NerdsToGo business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Product Sales**” means all Gross Sales of physical products by Franchisee.

“**Gross Service/Software Sales**” means all Gross Sales of services or software by Franchisee, and includes all sales which are not categorized as Gross Product Sales. GTN has sole discretion to determine whether any sale (or any portion of a sale) is categorized as a Gross Service/Software Sale or a Gross Product Sale.

**“Gross Sales”** means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of used equipment not in the ordinary course of business.

**“Input”** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location of Franchisee’s Local Service Center Model or Executive Office Model (as applicable) as stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of GTN’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means GTN’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by GTN into which Marketing Fund Contributions are deposited.

**“Marks”** means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by GTN from time to time for use in a NerdsToGo business.

**“Owner”** means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

**“Remodel”** means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new NerdsToGo business.

**“Required Vendor”** means a supplier, vendor, or distributor of Inputs which GTN requires franchisees to use.

**“System Standards”** means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by GTN, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures

and signs), equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on Attachment 2.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee, or (iv) control of the Business.

## **ARTICLE 2. GRANT OF LICENSE**

**2.1 Grant.** GTN grants to Franchisee the right to operate a NerdsToGo business solely in the Territory and based at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a NerdsToGo business at the Location for the entire term of this Agreement.

### **2.2 Protected Territory.**

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory. Franchisee shall not serve customers outside of the Territory without GTN’s prior written permission. GTN may withdraw permission at any time.

(b) Exclusivity. GTN shall not establish, nor license the establishment of, another NerdsToGo business within the Territory or which serves customers located in the Territory. However, GTN retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default;
- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory (A) if Franchisee is not available to service the call within the time requirements we specify, (B) if the customer makes a special request which GTN elects to honor, (C) GTN determine it necessary based on the experience and skills necessary to perform the requested services, or (D) the customer is a national account or regional account customer and Franchisee is not participating in the account program for the customer.

- (iii) establish and license others to establish and operate NerdsToGo businesses outside the Territory;
  - (iv) operate and license others to operate businesses anywhere that do not operate under the NerdsToGo brand name; and
  - (v) sell and license others to sell NerdsToGo products and services to customers in the Territory through channels of distribution (including the internet) so long as such products are services are not provided through a NerdsToGo outlet in the Territory, and are different from the same products and services provided by Franchisee.
- (c) **Policies.** GTN may set policies binding on all franchisees regarding referral of clients in other territories, and any other policies related to territory that affect more than one franchisee.
- (d) **Breach of Territory.** If Franchisee obtains a client in the protected territory of another franchisee, then, in addition to all other rights and remedies GTN may have (including default and termination pursuant to Section 14.2), GTN may in its discretion (i) require Franchisee to transfer the client to such other franchisee, (ii) require Franchisee to pay such other franchisee 75% of the Gross Sales received from such client, (iii) impose the non-compliance fee described in Section 4.6, and/or (iv) fashion such other remedy as GTN deems appropriate.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify GTN within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to GTN's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to GTN, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to GTN that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of 10 years each, subject to the following conditions prior to each renewal:

- (i) Franchisee notifies GTN of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with GTN (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to GTN) renovations and changes to the Business as GTN requires (including a Remodel of a Local Service Center Model, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute GTN's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section; and
- (v) Franchisee and each Owner executes a general release (on GTN's then-standard form) of any and all claims against GTN, its affiliates, and their respective owners, officers, directors, agents and employees.

### ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** During Franchisee's first year of operations, Franchisee shall pay GTN a monthly royalty fee (the "Royalty Fee") equal to 8% of Gross Service/Software Sales and 2% of Gross Product Sales. Thereafter, Franchisee shall pay GTN a monthly Royalty Fee equal to the greater of (i) \$800 or (ii) 8% of Gross Service/Software Sales and 2% of Gross Product Sales. The Royalty Fee for any given month is due on the 5th day of the following month.

**4.3 Technology Fee.** Franchisee shall pay GTN a monthly fee of \$175 (the "Technology Fee") for use of GTN's backend system known as "NerdNet". As of the date of this Agreement, the Technology Fee includes four email addresses, one license for service management software, and one license for customer relationship management software. GTN reserves the right to modify NerdNet and its functionality at any time, in GTN's sole discretion. GTN may increase

the Technology Fee in its reasonable discretion. GTN may charge extra for additional email addresses and licenses.

#### **4.4 Marketing Contributions.**

(a) Marketing Fund Contribution. If GTN institutes the Marketing Fund, then Franchisee shall pay GTN a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 2% of Franchisee’s Gross Sales (or such lesser amount as GTN determines), at the same time as the Royalty Fee.

(b) Marketing Cooperative Contribution. If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

**4.5 Replacement / Additional Training Fee.** If Franchisee sends an employee to GTN’s training program after opening, or if in GTN’s judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at Franchisee’s expense. Franchisee is responsible for arranging and paying the expenses for transportation, meals and lodging while attending the training program. GTN may charge its then-current training fee. As of the date of this Agreement, the training fee is \$600 per person per day.

**4.6 Non-Compliance Fee.** GTN may charge Franchisee \$1,000 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to GTN). If such non-compliance is ongoing, GTN may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of GTN’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of GTN’s other rights and remedies (including default and termination under Section 14.2).

**4.7 Reimbursement.** GTN may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If GTN does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to GTN within 15 days after invoice by GTN accompanied by reasonable documentation.

#### **4.8 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Nerd Net Fee, Marketing Fund Contribution (if applicable), and any other amounts owed to GTN by pre-authorized bank draft or in such other manner as GTN may require. Franchisee shall comply with GTN’s payment instructions.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to GTN by 5th day of the following month. If Franchisee fails to report monthly Gross Sales on time, then (A) GTN may charge \$250 per week until the report is made, and (B) GTN may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to greater of (i) \$1,000 or (ii) 125% of the last Gross Sales reported to GTN, and the parties will true-up the actual fees after Franchisee

reports Gross Sales. Franchisee acknowledges that GTN has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$250 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. GTN may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by GTN (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. GTN may apply any payment received from Franchisee to any obligation and in any order as GTN may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to GTN any fees or amounts described in this Agreement are not dependent on GTN's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## **ARTICLE 5. ASSISTANCE**

**5.1 Manual.** GTN shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** GTN shall provide its minimum staffing levels to Franchisee. GTN shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** GTN shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. GTN shall provide its criteria for NerdsToGo locations to Franchisee. GTN will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, GTN shall provide Franchisee with (i) GTN's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as GTN deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) GTN's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, GTN shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that GTN accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. GTN shall make available its standard pre-opening training to the Principal Executive and up to three other employees, at GTN's headquarters and/or at a NerdsToGo business designated by GTN. GTN shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. GTN reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Market Introduction Plan. GTN shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

## **5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, GTN will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent GTN deems reasonable. If GTN provides in-person support in response to Franchisee's request, GTN may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, GTN will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. GTN will provide Franchisee with GTN's recommended administrative, bookkeeping, accounting, and inventory control procedures. GTN may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. GTN shall manage the Marketing Fund.

(e) Internet. GTN shall maintain a website for NerdsToGo, which will include Franchisee's location (or territory).

## **ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING**

**6.1 Determining Location and Territory.** If the Location is not stated on the Summary Page, then Franchisee shall find a potential Location for its Local Service Center Model or Executive Office Model (as applicable) within the Territory described on the Summary Page. Franchisee shall submit its proposed Location to GTN for acceptance, with all related information GTN may request. If GTN does not accept the proposed Location in writing within 30 days, then it is deemed rejected. **GTN's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and GTN has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** If the Business is a Local Service Center Model, then in connection with any lease between Franchisee and the landlord of the Location: (i) if requested by GTN, Franchisee must

submit the proposed lease to GTN for written approval, and (ii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by GTN.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with GTN's System Standards (including all System Standards for store layout and design). If required by GTN, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining GTN's approval of Franchisee's plans. GTN may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by GTN or its representatives regarding any architectural, engineering or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and GTN assumes no liability with respect thereto. GTN's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive and one additional general manager must complete GTN's training program for new franchisee to GTN's satisfaction at least four weeks before opening the Business.

**6.5 Conditions to Opening.** Franchisee shall notify GTN at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisee has completed GTN's opening checklist, (5) Franchisee has hired all employees required by this Agreement, (6) Franchisee's officers and employees have completed all of GTN's required pre-opening training; (7) Franchisee has conducted the grand opening marketing campaign required under Section 9.7; and (8) GTN has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Offerings and Services.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by GTN in the Manual or otherwise in writing. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that GTN may require. Franchisee shall perform all services

in the manner prescribed by GTN. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

**7.4 Prices.** GTN may require Franchisee to offer products and services at specific prices determined by GTN if GTN is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

**7.5 Personnel.**

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed GTN's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. GTN may set minimum qualifications for categories of employees employed by Franchisee.

(e) Background Checks. Franchisee must obtain background checks on all employees as further described in applicable System Standards.

(f) Drivers. Franchisee shall ensure that any employee who drives a vehicle for the Business is properly licensed and meets all System Standards applicable to drivers.

(g) Staffing. Franchisee must all times employ:

(i) at least one person (other than an Owner) engaged full time in sales and business development;

(ii) at least one person (other than an Owner) as a full-time Nerd technician; and

(iii) at least one person (other than an Owner) as a full-time Customer Specialist to answer phone calls, dispatch Nerd technicians, interact with customers, customers and support business development activities such as scheduling or other outbound support.

(h) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and GTN are not joint employers, and no employee of Franchisee will be an agent or employee of GTN.

**7.6 Post-Opening Training.** GTN may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by GTN. GTN may charge a reasonable fee for any training programs. GTN may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use GTN's "NerdNet" software and all other all software and related systems required by GTN. Franchisee shall enter into any subscription and support agreements that GTN may require. Franchisee shall upgrade, update, or replace any software from time to time as GTN may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give GTN unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by GTN.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. GTN may take any action it deems appropriate to resolve a customer complaint regarding the Business, and GTN may require Franchisee to reimburse GTN for any expenses.

**7.9 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by GTN for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. GTN shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by GTN for such programs.

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by GTN (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by GTN. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by GTN, in the manner specified by GTN in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another NerdsToGo business. Franchisee shall comply with all procedures and specifications of GTN related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription programs, or customer incentive programs.

**7.12 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as GTN may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, if the Business is a Local Service Center Model, GTN may require Franchisee to undertake and complete a Remodel of the Location to GTN's satisfaction. Franchisee must complete the Remodel in the time frame specified by GTN. GTN may require the Franchisee to submit plans for GTN's reasonable approval prior commencing a required Remodel. GTN's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.14 Vehicles.** Franchisee shall purchase or lease at least the number of vehicles specified by Franchisor. Franchisee shall ensure that all vehicles operated by the Business comply with System Standards for make and model, paint color, vehicle wrap and décor, required equipment, and any other System Standards of GTN. Without limiting the generality of the foregoing, all of Franchisee's vehicles must be of the same make and model. Franchisee shall keep all vehicles in excellent or better repair, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to the NerdsToGo System.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by GTN in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list GTN and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of GTN and its affiliates, (3) be primary and non-contributing with any insurance carried by GTN or its affiliates, and (4) stipulate that GTN shall receive 30 days' prior written notice of cancellation.

(c) Franchisee's policies must list GTN and its affiliates as an additional insured and the policies must stipulate that GTN shall receive a 30-day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to GTN prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of GTN.

**7.16 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding NerdsToGo, the Business, or any particular incident or occurrence related to the Business, without GTN's prior written approval (which will not be unreasonably withheld).

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without GTN's prior written approval (which will not be unreasonably withheld).

**7.19 No Other Activity Associated with the Business.** Franchisee shall not engage in any business or other activity at the Location other than operation of the NerdsToGo Business. Franchisee shall not "co-brand" or associate any other business activity with the NerdsToGo Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except NerdsToGo businesses.

**7.20 No Third Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of GTN, which will not be unreasonably withheld.

**7.21 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that GTN requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.22 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by GTN. Franchisee must display at the Business signage prescribed by GTN identifying the Location as an independently owned franchise.

**7.23 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall

comply with any code of ethics or statement of values from GTN. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## **ARTICLE 8. SUPPLIERS AND VENDORS**

**8.1 Generally.** Franchisee shall acquire all Inputs required by GTN from time to time in accordance with System Standards. GTN may require Franchisee to purchase or lease any Inputs from GTN, GTN's designee, Required Vendors, Approved Vendors, and/or under GTN's specifications. GTN may change any such requirement or change the status of any vendor. To make such requirement or change effective, GTN shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If GTN requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN may condition its approval on such criteria as GTN deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.3 Alternate Input Approval.** If GTN requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.4 Purchasing.** GTN may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. GTN may receive rebates or payments from vendors in connection with purchases by franchisees. GTN may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as GTN may determine.

**8.5 No Liability of Franchisor.** GTN shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If GTN or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from GTN or the vendor, supplier, or manufacturer of such item with respect the recall, repair, or other remedy of such item.

## **ARTICLE 9. MARKETING**

**9.1 Approval and Implementation.** Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online

advertising, social media marketing or presence, and sponsorships) that have not been approved by GTN. GTN may (but is not obligated to) operate all “social media” accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, include any social media policy that GTN may prescribe. Franchisee shall implement any marketing plans or campaigns determined by GTN.

**9.2 Target.** Franchisee shall market to and solicit potential customers only in its Territory. Franchisee’s marketing may reach potential customers outside of the Territory only as an incidental effect of marketing directly primarily towards customers in the Territory.

**9.3 Use by GTN.** GTN may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to GTN for such purpose.

**9.4 Marketing Fund.** GTN may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If GTN has established a Marketing Fund:

(a) Separate Account. GTN shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from GTN’s other accounts.

(b) Use. GTN shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as GTN reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of GTN’s employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at GTN’s sole discretion, and GTN has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. GTN is not obligated to (i) have all other NerdsToGo businesses (whether owned by other franchisees or by GTN or its affiliates) contribute to the Marketing Fund, or (ii) have other NerdsToGo businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. GTN may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, GTN may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. GTN will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of GTN's fiscal year and will provide the financial statement to Franchisee upon request.

**9.5 Marketing Cooperatives.** GTN may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. GTN shall not require Franchisee to be a member of more than one Market Cooperative. If GTN establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by GTN. GTN may require the Market Cooperative to adopt bylaws or regulations prepared by GTN. Unless otherwise specified by GTN, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. GTN will be entitled to attend and participate in any meeting of a Market Cooperative. Any NerdsToGo business owned by GTN in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, GTN may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to GTN's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of GTN pursuant to Section 9.1. GTN may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 2% and not more than 5% of Gross Sales.

(e) Enforcement. Only GTN will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. GTN may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.6 Required Spending.** After Franchisee's first three months in business, Franchisee shall spend at least the greater of (a) 10% of Gross Sales or (b) \$5,000 each month on marketing the Business. Upon request of GTN, Franchisee shall furnish proof of its compliance with this

Section. GTN has the sole discretion to determine what activities constitute “marketing” under this Section. GTN does not represent or guarantee that this is sufficient marketing for the Business. If Franchisee contributes to the Marketing Fund and/or a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section.

**9.6 Market Introduction Plan.** Franchisee must implement a market introduction plan approved by GTN, at Franchisee’s expense. Franchisee must spend at least \$20,000 (if an Executive Office Model) or \$30,000 (if a Local Service Center Model) on advertising and marketing before opening for business and over the course of the first three months of being in business.

## **ARTICLE 10. RECORDS AND REPORTS**

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as GTN may specify in the Manual or otherwise in writing.

### **10.2 Reports.**

(a) Sales. Franchisee shall regularly record and report to GTN all Gross Sales (including breakdown between Gross Product Sales and Gross Software/Service Sales) in such manner, for such periods, and at such times as GTN may require.

(b) Financial Reports. Franchisee shall provide such periodic financial reports as GTN may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of GTN’s fiscal year; and
- (iii) any information GTN requests in order to prepare a financial performance representation for GTN’s franchise disclosure document.

(c) Legal Actions and Investigations. Franchisee shall promptly notify GTN of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as GTN may request.

(d) Government Inspections. Franchisee shall give GTN copies of all inspection reports, budgets, forecasts, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee’s receipt thereof.

(e) Other Information. Franchisee shall submit to GTN such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that GTN may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to GTN a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of GTN's Franchise Disclosure Document and with such other information as GTN may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as GTN may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** GTN may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. GTN may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by GTN. Franchisee shall also reimburse GTN for all costs and expenses of the examination or audit if (i) GTN conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

## **ARTICLE 11. FRANCHISOR RIGHTS**

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by GTN. GTN may supplement, revise, or modify the Manual, and GTN may change, add or delete System Standards at any time in its discretion. GTN may inform Franchisee thereof by any method that GTN deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, GTN's master copy will control.

**11.2 Inspections.** GTN may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with GTN's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. GTN may videotape and/or take photographs of the inspection and the Business. GTN may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting GTN's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If GTN conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard

by Franchisee (including following up a previous failed inspection), then GTN may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 GTN's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, GTN may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse GTN for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, GTN may (i) require that Franchisee pay cash on delivery for products or services supplied by GTN, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third party vendors to not sell or provide products or services to Franchisee. No such action by GTN shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of GTN are in addition to any other right or remedy available to GTN.

**11.5 Innovations.** Franchisee shall disclose to GTN all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. GTN will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by GTN to document GTN's ownership of Innovations.

**11.6 Delegation.** GTN may delegate any duty or obligation of GTN under this Agreement to an affiliate or to a third party.

**11.7 Communication Systems.** If GTN provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems and authorizes GTN to access such communications.

**11.8 System Variations.** GTN may vary or waive any System Standard for any one or more NerdsToGo franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.9 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by GTN. GTN hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

## **ARTICLE 12. MARKS**

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by

GTN, and only in the manner as GTN may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of GTN.

**12.2 Change of Marks.** GTN may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after GTN makes any such change, Franchisee must comply with the change, at Franchisee's expense.

### **12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) GTN shall defend Franchisee (at GTN's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) GTN will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify GTN if Franchisee becomes aware of any possible infringement of a Mark by a third party. GTN may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. GTN shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the phrase "NerdsToGo" or any confusingly similar words in its legal name.

## **ARTICLE 13. COVENANTS**

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by GTN for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by GTN, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by GTN (except for Confidential Information which GTN licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### **13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other NerdsToGo business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of GTN. Franchisee agrees that the existence of any claim it may have against GTN shall not constitute a defense to the enforcement by GTN of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by GTN, Franchisee will cause its general manager and other key employees to sign GTN's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## **ARTICLE 14. DEFAULT AND TERMINATION**

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if GTN violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after GTN receives written notice of termination.

### **14.2 Termination by GTN.**

(a) Subject to 10-Day Cure Period. GTN may terminate this Agreement if Franchisee does not make any payment to GTN when due, or if Franchisee does not have sufficient funds in its account when GTN attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after GTN gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to GTN's satisfaction within 30 days after GTN gives notice to Franchisee of such breach, then GTN may terminate this Agreement.

(c) Without Cure Period. GTN may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to GTN;

- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels GTN or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by GTN or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in GTN's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from GTN or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) GTN (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in GTN's opinion is reasonably likely to materially and unfavorably affect the NerdsToGo brand, or is charged with, pleads guilty to, or is convicted of a felony.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to

non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to GTN based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to GTN all copies of the Manual, Confidential Information and any and all other materials provided by GTN to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to GTN or any new franchisee as may be directed by GTN, and Franchisee hereby irrevocably appoints GTN, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a NerdsToGo business, to the reasonable satisfaction of GTN. Franchisee shall comply with any reasonable instructions and procedures of GTN for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, GTN may enter the Location to remove the Marks and de-identify the Location. In this event, GTN will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by GTN.

**14.5 Other Claims.** Termination of this Agreement by GTN will not affect or discharge any claims, rights, causes of action or remedies (including claims for GTN's lost future income after termination), which GTN may have against Franchisee, whether arising before or after termination.

**14.6 Purchase Option.** When this Agreement expires or is terminated, GTN will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to GTN. To exercise this option, GTN must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that GTN elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. GTN's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of

Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or “going concern” value for the Business. GTN may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by GTN. If GTN exercises the purchase option, GTN may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee’s portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by GTN to cure defaults under Franchisee’s lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, GTN may pay a portion of the purchase price directly to the lienholder to pay off such lien. GTN may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee’s taxes and other liabilities are paid. GTN may assign this purchase option to another party.

## **ARTICLE 15. TRANSFERS**

**15.1 By GTN.** GTN may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and GTN may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that GTN entered into this Agreement in reliance on Franchisee’s business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing GTN at least 60 days prior notice of the proposed Transfer, and without obtaining GTN’s consent. In granting any such consent, GTN may impose conditions, including, without limitation, the following:

- (i) GTN receives a transfer fee equal to \$15,000 plus any broker fees and other out-of-pocket costs incurred by GTN (except that the \$15,000 will not be due in connection with a transfer for estate planning purposes or to a spouse, sibling, or child of an Owner);
- (ii) the proposed assignee and its owners have completed GTN’s franchise application processes, meet GTN’s then-applicable standards for new franchisees, and have been approved by GTN as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes GTN’s then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement;
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to GTN and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise

in default or breach of this Agreement or of any other obligation owed to GTN or its affiliates;

- (vii) the proposed assignee and its owners and employees undergo such training as GTN may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of GTN in a form satisfactory to GTN; and
- (ix) the Business fully complies with all of the GTN's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to GTN, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by GTN, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by GTN (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 GTN's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), GTN will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to GTN a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of GTN's receipt of such copy, GTN will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that GTN may substitute cash for any other form of payment). If GTN does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## **ARTICLE 16. INDEMNITY**

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to GTN) GTN, its parent entities, subsidiaries and affiliates, and their respective owners,

directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against GTN and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from claims arising as a result of any Indemnatee’s intentional misconduct or negligence. Any delay or failure by an Indemnatee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnatee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnatee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

## **ARTICLE 17. DISPUTE RESOLUTION**

### **17.1 Arbitration.**

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation), shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where GTN’s headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for GTN to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, GTN and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party’s actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior the expiration of the term due to Franchisee’s default, GTN’s actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to GTN but for the termination.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where GTN's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where GTN's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## **ARTICLE 18. MISCELLANEOUS**

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. GTN is not a fiduciary of Franchisee. GTN does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect GTN's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. GTN has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, GTN, and GTN's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by GTN in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit GTN's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any

right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Connecticut (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Connecticut law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to GTN, addressed to 1250 Boston Post Rd # 4, Guilford, CT 06437. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, GTN may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), GTN may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as GTN specifies, or (ii) bind Franchisee to a renewal term of 10 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(v).

**18.10 Joint and Several Liability.** If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.11 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by GTN does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and GTN.

## **ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in GTN's Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- (3) That no person acting on GTN's behalf made any statement or promise regarding the costs involved in operating a NerdsToGo franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on GTN's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on GTN's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a NerdsToGo franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on GTN's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between GTN and Franchisee concerning the NerdsToGo franchise, which means that any oral or written statements not set out in this Agreement will not be binding.
- (8) In deciding to enter into this Agreement, Franchisee did not rely on any statement, promise, claim or representation not contained in this Agreement or in the Disclosure Document.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

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

*[if an entity:]*

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

\_\_\_\_\_ California  
\_\_\_\_\_ Hawaii  
\_\_\_\_\_ Illinois  
\_\_\_\_\_ Indiana  
\_\_\_\_\_ Maryland  
\_\_\_\_\_ Minnesota  
\_\_\_\_\_ New York  
\_\_\_\_\_ North Dakota  
\_\_\_\_\_ Rhode Island  
\_\_\_\_\_ Virginia  
\_\_\_\_\_ Washington  
\_\_\_\_\_ Other

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

1. **Form of Ownership.** Franchisee is a (check one):

\_\_\_\_\_ *Sole Proprietorship*  
\_\_\_\_\_ *Partnership*  
\_\_\_\_\_ *Limited Liability Company*  
\_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

| Name | Shares or Percentage of Ownership |
|------|-----------------------------------|
|      |                                   |
|      |                                   |
|      |                                   |
|      |                                   |
|      |                                   |

3. **Officers.** If Franchisee is a limited liability company or corporation:

| Name | Title |
|------|-------|
|      |       |
|      |       |
|      |       |
|      |       |
|      |       |

**Attachment 2 to Franchise Agreement**

**TERRITORY**

### Attachment 3 to Franchise Agreement

#### **GUARANTY AND NON-COMPETE AGREEMENT**

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of GTN Capital Group LLC, a Connecticut limited liability company (“GTN”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with GTN for the franchise of a NerdsToGo business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce GTN to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to GTN and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to GTN, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and GTN upon demand from GTN. Guarantor waives (a) acceptance and notice of acceptance by GTN of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that GTN make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by GTN for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by GTN, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by GTN or its affiliates (except for Confidential Information which GTN licenses from another person or

entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to GTN. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other NerdsToGo business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of GTN. Guarantor agrees that the existence of any claim it or Franchisee may have against GTN shall not constitute a defense to the enforcement by GTN of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which GTN may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Connecticut (without giving effect to its principles of conflicts of law). The parties agree that any Connecticut law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to GTN all costs incurred by GTN (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

Address: \_\_\_\_\_  
\_\_\_\_\_

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

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

Address: \_\_\_\_\_  
\_\_\_\_\_

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

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

Address: \_\_\_\_\_  
\_\_\_\_\_

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

## EXHIBIT C

### RIDER TO LEASE AGREEMENT

Landlord: \_\_\_\_\_

Notice Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

Franchisor: GTN Capital Group LLC

Notice Address: 1250 Boston Post Rd # 4,  
Guilford, CT 06437

Telephone: 1-800-390-NERD

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a NerdsToGo business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the NerdsToGo brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises

to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

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

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

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

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

TENANT:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## EXHIBIT D

### FORM OF GENERAL RELEASE

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

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of GTN Capital Group LLC, a Connecticut limited liability company (“GTN”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases GTN, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that GTN reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

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

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

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

GTN CAPITAL GROUP, LLC

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Years Ended December 31, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the Member  
GTN Capital Group, LLC  
Guilford, Connecticut

We have audited the accompanying financial statements of GTN Capital Group, LLC, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GTN Capital Group, LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report of Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Bailey Scarano, LLC***

Branford, Connecticut  
April 3, 2019

GTN CAPITAL GROUP, LLC  
BALANCE SHEET  
December 31, 2018 and 2017

| <u>ASSETS</u>                       | <u>2018</u>                | <u>2017</u>                |
|-------------------------------------|----------------------------|----------------------------|
| <b>CURRENT ASSETS</b>               |                            |                            |
| Cash                                | \$ 195,290                 | \$ 564,830                 |
| Royalty and service fees receivable | 188,579                    | 4,134                      |
| Miscellaneous receivable            | 19,015                     | -                          |
| Prepaid commissions                 | 1,996,281                  | 1,366,393                  |
| Prepaid expenses                    | 1,500                      | -                          |
| Total                               | <u>2,400,665</u>           | <u>1,935,357</u>           |
| <b>FIXED ASSETS</b>                 |                            |                            |
| Vehicles                            | 44,686                     | 44,686                     |
| Leasehold improvements              | 41,592                     | 8,741                      |
| Furniture and fixtures              | 14,254                     | 11,931                     |
| Equipment                           | 8,929                      | 8,929                      |
| Computers                           | 7,532                      | 7,532                      |
| Total                               | <u>116,993</u>             | <u>81,819</u>              |
| Less accumulated depreciation       | <u>33,300</u>              | <u>7,481</u>               |
| Fixed assets, net                   | 83,693                     | 74,338                     |
| <b>OTHER ASSET</b>                  |                            |                            |
| Security deposits                   | <u>3,500</u>               | <u>3,500</u>               |
| Total                               | <u><u>\$ 2,487,858</u></u> | <u><u>\$ 2,013,195</u></u> |

See accompanying notes and independent auditors' report.

GTN CAPITAL GROUP, LLC  
BALANCE SHEET (Continued)  
December 31, 2018 and 2017

| <u>LIABILITIES AND MEMBER'S DEFICIT</u> | <u>2018</u>                | <u>2017</u>                |
|-----------------------------------------|----------------------------|----------------------------|
| <u>CURRENT LIABILITIES</u>              |                            |                            |
| Note payable                            | \$ 8,888                   | \$ 8,375                   |
| Accounts payable                        | 7,441                      | 20,466                     |
| Accrued expenses and taxes              | 444                        | 6,179                      |
| Due to affiliate                        | 28,353                     | 41,489                     |
| Deferred revenue                        | <u>3,425,374</u>           | <u>2,381,656</u>           |
| Total                                   | 3,470,500                  | 2,458,165                  |
| <br>NOTE PAYABLE                        | <br>25,558                 | <br>34,454                 |
| <br>MEMBER'S DEFICIT                    | <br><u>(1,008,200)</u>     | <br><u>(479,424)</u>       |
| Total                                   | <u><u>\$ 2,487,858</u></u> | <u><u>\$ 2,013,195</u></u> |

See accompanying notes and independent auditors' report.

GTN CAPITAL GROUP, LLC  
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT  
Years ended December 31, 2018 and 2017

|                                     | <u>2018</u>                  | <u>2017</u>             |
|-------------------------------------|------------------------------|-------------------------|
| REVENUE:                            |                              |                         |
| Franchise fees                      | \$ 131,129                   | \$ 30,337               |
| Royalties                           | 85,790                       | 11,097                  |
| Call center fees                    | 43,421                       | 5,450                   |
| Merchandise                         | 20,698                       | -                       |
| Nerd net fees                       | 13,612                       | 2,000                   |
| Other income                        | 499                          | -                       |
| Total                               | <u>295,149</u>               | <u>48,884</u>           |
| COMMISSIONS                         | <u>85,859</u>                | <u>17,550</u>           |
| GROSS PROFIT                        | 209,290                      | 31,334                  |
| SELLING AND ADMINISTRATIVE EXPENSES | <u>738,066</u>               | <u>342,614</u>          |
| NET LOSS                            | (528,776)                    | (311,280)               |
| MEMBER'S DEFICIT - JANUARY 1        | (479,424)                    | (3,719)                 |
| DISTRIBUTIONS                       | <u>-</u>                     | <u>164,425</u>          |
| MEMBER'S DEFICIT - DECEMBER 31      | <u><u>\$ (1,008,200)</u></u> | <u><u>(479,424)</u></u> |

See accompanying notes and independent auditors' report.

GTN CAPITAL GROUP, LLC  
STATEMENTS OF CASH FLOWS  
Years ended December 31, 2018 and 2017

|                                                                                           | <u>2018</u>              | <u>2017</u>              |
|-------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                                                      |                          |                          |
| Net loss                                                                                  | \$ (528,776)             | \$ (311,280)             |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: |                          |                          |
| Depreciation                                                                              | 25,819                   | 7,481                    |
| Changes in certain assets and liabilities:                                                |                          |                          |
| (Increase) decrease in:                                                                   |                          |                          |
| Royalty and service fees receivable                                                       | (184,445)                | (4,134)                  |
| Miscellaneous receivable                                                                  | (19,015)                 | -                        |
| Prepaid commissions                                                                       | (629,888)                | (1,366,393)              |
| Prepaid expenses                                                                          | (1,500)                  | -                        |
| Security deposits                                                                         | -                        | (3,500)                  |
| (Decrease) increase in:                                                                   |                          |                          |
| Accounts payable                                                                          | (13,025)                 | 20,466                   |
| Accrued expenses and taxes                                                                | (5,735)                  | 6,179                    |
| Deferred revenue                                                                          | <u>1,043,718</u>         | <u>2,381,656</u>         |
| Total adjustments                                                                         | <u>215,929</u>           | <u>1,041,755</u>         |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES                                       | (312,847)                | 730,475                  |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                      |                          |                          |
| Acquisition of fixed assets                                                               | <u>(35,174)</u>          | <u>(81,819)</u>          |
| NET CASH USED IN INVESTING ACTIVITIES                                                     | (35,174)                 | (81,819)                 |
| CASH FLOWS FROM FINANCING ACTIVITIES                                                      |                          |                          |
| (Decrease) increase in due to affiliate                                                   | (13,136)                 | 36,770                   |
| Payments on notes payable                                                                 | (8,383)                  | (3,342)                  |
| Proceeds from note payable                                                                | -                        | 36,176                   |
| Member's draws                                                                            | -                        | (164,425)                |
| NET CASH USED IN FINANCING ACTIVITIES                                                     | <u>(21,519)</u>          | <u>(94,821)</u>          |
| NET (DECREASE) INCREASE IN CASH                                                           | (369,540)                | 553,835                  |
| CASH - JANUARY 1                                                                          | <u>564,830</u>           | <u>10,995</u>            |
| CASH - DECEMBER 31                                                                        | <u><u>\$ 195,290</u></u> | <u><u>\$ 564,830</u></u> |

See accompanying notes and independent auditors' report.

GTN CAPITAL GROUP, LLC  
STATEMENTS OF CASH FLOWS (Continued)  
Years ended December 31, 2018 and 2017

|                                                    | <u>2018</u>     | <u>2017</u>     |
|----------------------------------------------------|-----------------|-----------------|
| SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION |                 |                 |
| Cash paid during the period for:                   |                 |                 |
| Interest                                           | <u>\$ 2,318</u> | <u>\$ 1,861</u> |

See accompanying notes and independent auditors' report.

GTN CAPITAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

GTN Capital Group, LLC (the Company) was incorporated under the laws of the State of Connecticut for the purpose of offering opportunities to entrepreneurs who want to own and operate their own Nerds to Go operation, as a franchise.

Revenue Recognition

The Company has elected to early adopt ASC Topic 606 Revenue from Contracts with Customers as permitted by the Financial Accounting Standards Board effective January 1, 2017. Under this method, the Company will recognize revenue as a result of franchise sales over the ten-year term of the franchise agreement. The amount not yet recognized as revenue will be classified as deferred revenue on the balance sheet. Monthly royalty and service fees will be recognized as well upon revenue being reported by the franchises.

Franchise Agreements

Upon the sale of a franchise, the Company will grant, to the franchisee, the right to use the Company's name, trademark, and processes to develop business. In addition, the franchise is obligated to pay a monthly royalty fee of 8% based on gross revenue as well, as various other monthly service fees.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method to absorb the cost of the assets over their estimated useful lives as follows:

|                        |         |
|------------------------|---------|
| Vehicles               | 5 years |
| Leasehold improvements | 3 years |
| Furniture and fixtures | 7 years |
| Equipment              | 7 years |
| Computers              | 5 years |

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

GTN CAPITAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Evaluation

Management has evaluated subsequent events through April 3, 2019, the date on which the financial statements were available to be issued.

Advertising Expense

Advertising is expensed as incurred. Advertising expense for the years ended December 31, 2018 and 2017 was \$155,898 and \$112,646 respectively.

Income Taxes

The Company is a single member limited liability company for Federal and State income tax purposes. Consequently, Federal and State income taxes are not payable by, or provided for, the Company. The sole member is taxed at the individual level based on the Company's earnings.

Cash Flows

For purposes of reporting the statements of cash flows, the Company includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid short-term investments purchased with an original maturity of three months or less as cash on the accompanying balance sheet.

NOTE #2 – PREPAID COMMISSIONS

Prepaid commissions represent commissions paid to parties for the securing of new franchises which have not yet began business as of December 31, 2018 and 2017. The commissions are determined as a percentage of franchise fee revenue per each respective agreement. The commissions will be expensed over the term of the franchise agreements. This will allow for proper matching of expenses versus revenue as recorded under ASC Topic 606.

NOTE #3 - NOTE PAYABLE

|                                                                                                                                                                                                                   | <u>2018</u>      | <u>2017</u>      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Note payable consists of:                                                                                                                                                                                         |                  |                  |
| Note payable - KeyBank, dated July 5, 2017,<br>payable in 60 monthly installments of \$892 including<br>interest, interest rate of 5.86% per annum, secured by<br>two vehicles, guaranteed by the Company member. | \$ 34,446        | \$ 42,829        |
| Total                                                                                                                                                                                                             | <u>34,446</u>    | <u>42,829</u>    |
| Less current portion                                                                                                                                                                                              | <u>8,888</u>     | <u>8,375</u>     |
| Long-term portion                                                                                                                                                                                                 | <u>\$ 25,558</u> | <u>\$ 34,454</u> |

GTN CAPITAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE #3 - NOTE PAYABLE (Continued)

The aggregate annual maturities of the note payable are as follows:

| <u>Year ending December 31,</u> |                  |
|---------------------------------|------------------|
| 2019                            | \$ 8,888         |
| 2020                            | 9,432            |
| 2021                            | 10,011           |
| 2022                            | <u>6,115</u>     |
| Total                           | <u>\$ 34,446</u> |

NOTE #4 – DEFERRED REVENUE

Deferred revenue represents contracts that have been executed whereupon the Company has received \$1,072,467 and \$2,411,992 relating to these agreements of which \$3,425,374 and \$2,381,656 has been deferred as of December 31, 2018 and 2017, respectively. During 2018, seven franchises have commenced operations generating fee income of approximately \$76,100 that was recognized as revenue on the statements of operations.

NOTE #5 – DUE TO AFFILIATE

Due to affiliate represents non-interest bearing advances to a corporation owned by the Company member (See Note #10).

NOTE #6 – LICENSING FEE

The Company pays a monthly licensing fee of \$100 to Nerds to Go, Inc, a Company owned by the member. The licensing fee allows the Company to utilize Nerds to Go's name, trademark and processes to develop business (See Note #10). Licensing fees under this agreement was \$1,200 for the years ending December 31, 2018 and 2017 and are included under licenses and fees in the selling and administrative expense total.

NOTE #7 – ROYALTIES EXPENSE

The Company has entered into various agreements whereupon royalties are due to parties that assisted with securing of franchises.

GTN CAPITAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

NOTE #8 – LEASE COMMITMENTS

The Company has entered into a three-year sublease for office space with a company owned by the member beginning January 1, 2017 (See Note #10). The lease also contains two three-year renewal options. Monthly rent for the years ending December 31, 2018 and 2017 was \$12,000.

Future minimum payments on the above lease are as follows:

|       |                 |
|-------|-----------------|
| 2019  | <u>12,000</u>   |
| Total | <u>\$12,000</u> |

NOTE #9 - CONCENTRATION OF CREDIT RISK

Cash

The Company maintains its cash balances in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks.

NOTE #10 - RELATED PARTY TRANSACTIONS

Due to affiliate represents non-interest bearing advances to a corporation owned by the Company member (See Note #5).

The Company has a licensing fee agreement with a company owned by the member (See Note #6).

The Company has entered into a three-year sublease for office space with a company owned by the member beginning January 1, 2017 (See Note #8).

GTN CAPITAL GROUP, LLC  
SUPPLEMENTARY INFORMATION  
Years ended December 31, 2018 and 2017

|                                     | <u>2018</u>       | <u>2017</u>       |
|-------------------------------------|-------------------|-------------------|
| SELLING AND ADMINISTRATIVE EXPENSES |                   |                   |
| Payroll - franchise support         | \$ 197,331        | \$ 75,557         |
| Advertising                         | 155,898           | 112,646           |
| Outside labor                       | 129,493           | 14,923            |
| Professional fees                   | 43,711            | 34,465            |
| Travel and entertainment            | 32,799            | 41,804            |
| Depreciation                        | 25,819            | 7,481             |
| Office supplies                     | 25,558            | 6,086             |
| Royalties                           | 22,954            | 607               |
| Insurance                           | 19,702            | 141               |
| Merchandise costs                   | 17,259            | -                 |
| Payroll taxes                       | 15,950            | 3,127             |
| Rent                                | 12,000            | 12,000            |
| Utilities                           | 6,656             | 3,392             |
| Repairs and maintenance             | 6,268             | 6,537             |
| Licenses and fees                   | 5,753             | 4,850             |
| Computer and internet               | 5,683             | 11,295            |
| Dues and subscriptions              | 3,902             | 522               |
| Payroll processing                  | 2,762             | 477               |
| Postage                             | 2,402             | 1,313             |
| Auto                                | 2,399             | 2,044             |
| Interest                            | 2,318             | 1,861             |
| Security                            | 719               | -                 |
| Other taxes                         | 299               | 198               |
| Miscellaneous                       | 248               | -                 |
| Telephone                           | 103               | 228               |
| Donations                           | 80                | -                 |
| Bank service charges                | -                 | 1,060             |
|                                     | <u>-</u>          | <u>1,060</u>      |
| Total                               | <u>\$ 738,066</u> | <u>\$ 342,614</u> |

See independent auditors' report.



**A. ANDREW GIANIODIS**  
**CERTIFIED PUBLIC ACCOUNTANT**

**GTN CAPITAL GROUP LLC**  
DECEMBER 31, 2016 AND 2015  
FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

# GTN CAPITAL GROUP LLC

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**A. ANDREW GIANIODIS**

**CERTIFIED PUBLIC ACCOUNTANT**

June 6, 2017

### **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Stockholders of  
GTN Capital Group LLC:

#### **REPORT ON FINANCIAL STATEMENTS**

I have audited the accompanying balance sheets of GTN Capital Group LLC as of December 31, 2016 and 2015 and the related statements of operations, changes in member's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these statements based on my audits.

#### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

#### **AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

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An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GTN Capital Group LLC as of December 31, 2016 and 2015, and the results of operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "A. Andrew Gianiodis" followed by "CPA" in a smaller, less legible script.

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

GTN Capital Group LLC  
Balance Sheet  
December 31, 2016 and 2015

|                      | ASSETS          |                 |
|----------------------|-----------------|-----------------|
|                      | 2016            | 2015            |
| CURRENT ASSETS       |                 |                 |
| Cash                 | \$ -            | \$ -            |
| Receivables          | 1,000           | 1,000           |
| Due From Affiliates  | -               | -               |
| TOTAL CURRENT ASSETS | <u>1,000</u>    | <u>1,000</u>    |
| FIXED ASSETS         |                 |                 |
| Equipment            | -               | -               |
| OTHER ASSETS         |                 |                 |
| Due to Affiliates    | -               | -               |
| Franchise Fees       | -               | -               |
|                      | <u>-</u>        | <u>-</u>        |
| TOTAL ASSETS         | <u>\$ 1,000</u> | <u>\$ 1,000</u> |

|                            | LIABILITIES & EQUITY |                 |
|----------------------------|----------------------|-----------------|
| CURRENT LIABILITIES        |                      |                 |
| Accounts Payable           | \$ -                 | \$ -            |
| Due to Affiliates          | -                    | -               |
| TOTAL CURRENT LIABILITIES  | <u>-</u>             | <u>-</u>        |
| TOTAL LIABILITIES          | <u>-</u>             | <u>-</u>        |
| EQUITY                     |                      |                 |
| Capital                    | <u>1,000</u>         | <u>1,000</u>    |
| TOTAL EQUITY               | <u>1,000</u>         | <u>1,000</u>    |
| TOTAL LIABILITIES & EQUITY | <u>\$ 1,000</u>      | <u>\$ 1,000</u> |

*See accompanying notes*

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GTN Capital Group LLC  
Statement of Operations  
Years ending December 31, 2016 and 2015

|                   | 2016               | 2015               |
|-------------------|--------------------|--------------------|
| Revenues          |                    |                    |
| Franchise fee     | \$ -               | \$ -               |
| Other revenue     | -                  | -                  |
| Total revenue     | <u>-</u>           | <u>-</u>           |
| Expenses          |                    |                    |
| Bank charges      | -                  | -                  |
| Consulting        | -                  | -                  |
| IT Support        | -                  | -                  |
| License           | -                  | -                  |
| Marketing         | -                  | -                  |
| Professional Fees | -                  | -                  |
| Taxes             | -                  | -                  |
| Total expenses    | <u>-</u>           | <u>-</u>           |
| Net Income        | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

*See accompanying notes*

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## GTN Capital Group LLC

### Statement of Changes in Members' Equity Years ending December 31, 2016 and 2015

|                             | Capital Stock          | Retained Earnings  | Total Equity           |
|-----------------------------|------------------------|--------------------|------------------------|
| Equity at January 1, 2015   | \$ -                   | \$ -               | \$ -                   |
| Capital Contributions       | <u>1,000</u>           | <u>-</u>           | <u>1,000</u>           |
| Net Income                  | <u>-</u>               | <u>-</u>           | <u>-</u>               |
| Equity at December 31, 2015 | <u><u>\$ 1,000</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,000</u></u> |
| Equity at January 1, 2016   | \$ 1,000               | \$ -               | \$ 1,000               |
| Capital Contributions       | <u>-</u>               | <u>-</u>           | <u>-</u>               |
| Net Income                  | <u>-</u>               | <u>-</u>           | <u>-</u>               |
| Equity at December 31, 2016 | <u><u>\$ 1,000</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,000</u></u> |

*See accompanying notes*

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GTN Capital Group LLC  
Statement of Cash Flows  
Years ending December 31, 2016 and 2015

|                                                                                    | 2016 | 2015    |
|------------------------------------------------------------------------------------|------|---------|
| Cash flows from operating activities:                                              |      |         |
| Net Income                                                                         | \$ - | \$ -    |
| Adjustments to reconcile net loss to net cash provided<br>by operating activities: |      |         |
| Depreciation & amortization                                                        | -    | -       |
| Changes in assets and liabilities                                                  |      |         |
| Current assets                                                                     | -    | (1,000) |
| Current liabilities                                                                | -    | -       |
| Net cash provided by operating activities                                          | -    | (1,000) |
| Cash flows from investing activities:                                              |      |         |
| Expenditures on Start-up Costs                                                     | -    | -       |
| Net cash provided by investing activities                                          | -    | -       |
| Cash flows from financing activities:                                              |      |         |
| Capital infusion                                                                   | -    | 1,000   |
| Net cash provided by investing activities                                          | -    | 1,000   |
| Net increase/ (decrease) in cash                                                   | -    | -       |
| Cash - beginning of period                                                         | -    | -       |
| Cash - end of period                                                               | \$ - | \$ -    |
| Supplemental Disclosures                                                           |      |         |
| Interest Paid                                                                      | -    | -       |
| Income Taxes Paid                                                                  | -    | -       |

*See accompanying notes*

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## GTN CAPITAL GROUP LLC NOTES TO FINANCIAL STATEMENTS

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of GTN Capital Group LLC is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

#### **ORGANIZATION AND NATURE OF BUSINESS**

The Company was incorporated under the laws of the State of Connecticut for the purpose of offering opportunities to entrepreneurs who want to own and operate their own Nerds To Go operation, as a franchise.

#### **BASIS OF PRESENTATION**

The financial statements are presented on the accrual basis of accounting.

#### **CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, the Company considers unrestricted currency, demand deposits, money market accounts and all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

#### **REVENUE RECOGNITION**

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue. Monthly royalty fees will be recognized when reported by the franchisee.

## GTN CAPITAL GROUP LLC NOTES TO FINANCIAL STATEMENTS

### **COMPANY INCOME TAXES**

The Company, with the consent of its stockholder, has elected to be an LLC. In lieu of corporation income taxes, the member of LLC is taxed based on its proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE 2      DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company estimates that the fair value of all financial instruments at December 31, 2016 and 2015, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

### **NOTE 3      COMMITMENTS AND CONTINGENCIES**

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

### **NOTE 4      FRANCHISE AGREEMENT**

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee may be obligated to pay monthly fees, as outlined in the agreement.

**GTN CAPITAL GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5      SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 6, 2017, the date that the financial statements were available to be issued.

## EXHIBIT F

### OPERATING MANUAL TABLE OF CONTENTS

| Section                              | # of Pages |
|--------------------------------------|------------|
| Preface                              | 11         |
| A. Introduction                      | 11         |
| B. Establishing a NerdsToGo Business | 36         |
| C. Personnel                         | 48         |
| D. Office Procedures                 | 28         |
| E. Service Procedures                | 5          |
| F. Selling NerdsToGo Services        | 28         |
| G. NerdVan Branding                  | 11         |
| H. Merchant Account Integration      | 26         |
| I. Goal Setting                      | 12         |
| J. Customer Service                  | 10         |
| K. Training                          | 14         |
| L. Financial Procedures              | 20         |
| Total # of Pages                     | 260        |

## EXHIBIT G

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of December 31, 2018) and the address and telephone number of each of their outlets:

|                       |                                                           |              |
|-----------------------|-----------------------------------------------------------|--------------|
| Tim Adams             | 933 Cook Ave NW, Huntsville, AL 35801                     | 256-429-2501 |
| Walt Brown            | 13295 Britton Park Rd, Fishers, IN 46038                  | 317-563-6435 |
| Bob Kem               | 2222 East 53rd St, Suite 8, Davenport, IA 52807           | 563-744-5113 |
| Kevin Martin          | 203 East Central St, Franklin, MA 02038                   | 617-752-3246 |
| John Danahey          | 63 Tremont St, Unit A, Taunton, MA 02780                  | 339-970-3556 |
| Angel Soto            | 3380 E Russell Rd, Suite 111, Las Vegas, NV 89120         | 702-608-8365 |
| Paul Blanchette       | 3521 Matthews-Mint Hill Rd, Matthews, NC 28105            | 704-321-4061 |
| Rory & John Dunnaback | 11049 SE Main St, Milwaukie, OR 97222                     | 503-276-4818 |
| Thomas & Earl Freeman | 28120 US Hwy 281 North, Suite 101A, San Antonio, TX 78260 | 210-819-4836 |
| Jason Goen            | 515 W. Campbell Rd, Richardson, TX 75080                  | 972-349-0206 |
| Tim Smith             | 3115 S. Cooper St, Suite 300, Arlington, TX 76015         | 817-856-2875 |
| Joann & Erik Flees    | 2602 Ridge Rd #5, Rockwall, TX 75087                      | 469-609-8498 |
| Tony Modaro           | 25311 Kingsland Blvd, Suite 100, Katy, TX 77494           | 281-371-6689 |
| Vicki & Ronny Dale    | 2030 Glade Rd, #264, Grapevine, TX 76051                  | 682-244-2664 |
| Michael Santiago      | 11639 NE 8th St, Bellevue, WA 98005                       | 425-366-8234 |

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

##### Colorado

Marian Ashley (Peavine, Inc.)  
1621 Mountain Lane, Reno, NV 89521

##### Texas

E.L Caraway  
2855 Exchange Blvd., Suite 117, Southlake, TX 76092  
682-651-5142

## **EXHIBIT H**

### **STATE ADDENDA TO DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of California only, this Disclosure Document is amended as follows:

### **Risk Factors**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

3. FRANCHISEES CANNOT ENGAGE IN OR HAVE A FINANCIAL INTEREST IN ANY SIMILAR BUSINESSES AND POTENTIAL FRANCHISEES SHOULD SEE ITEM 17 OF THIS DISCLOSURE DOCUMENT FOR MORE INFORMATION.

4. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.

5. THE FRANCHISOR HAS NEGATIVE EQUITY (\$427,987). IT HAS ONLY BEEN IN BUSINESS A SHORT PERIOD OF TIME. THEREFORE, THERE IS NO OPERATING HISTORY ON WHICH YOU MAY RELY TO DETERMINE WHETHER TO INVEST IN THIS BUSINESS.

6. FRANCHISEES MUST ALSO SIGN A PERSONAL GUARANTEE, MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT IF YOU ARE MARRIED. THE GUARANTEE WILL PLACE YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

### **Item 3**

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

### **Item 5**

The following is added to Item 5:

All fees paid by us by you, including payments for goods and services before your business opens, are deferred until we have satisfied all of its pre-opening obligations to you.

## **Item 6**

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

## **Item 17**

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

**California Law Regarding Termination, Transfer, and Nonrenewal.** California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

**Termination Upon Bankruptcy.** The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

**Post-Termination Noncompetition Covenants.** The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

**Arbitration.** The franchise agreement requires binding arbitration. The arbitration will occur at Guilford, Connecticut, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

**Applicable Law.** The franchise agreement requires application of the laws of the State of Connecticut. This provision may not be enforceable under California law.

**Modification.** Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

## **Item 19**

### **The following is added to Item 19:**

“The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your NerdsToGo business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.”

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states: \_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

**Risk Factors:**

THE FRANCHISOR HAS NEGATIVE EQUITY (\$\_\_\_\_\_). IT HAS ONLY BEEN IN BUSINESS A SHORT PERIOD OF TIME. THEREFORE, THERE IS NO OPERATING HISTORY ON WHICH YOU MAY RELY TO DETERMINE WHETHER TO INVEST IN THIS BUSINESS.

**Item 5:**

The following is added to Item 5:

All fees paid by us by you, including payments for goods and services before your business opens, are deferred until we have satisfied all of its pre-opening obligations to you.

## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Item 5 and Item 7 of the Disclosure Document are amended as follows:

All initial franchise fees paid by you to us will be deferred until we have satisfied all our pre-opening obligations to you and you have commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

Item 5 and Item 7 of the Disclosure Document are amended as follows:

All initial franchise fees paid by you to us will be deferred until we have satisfied all our pre-opening obligations to you and you have commenced doing business.

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## **MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**The following risk factor is added to the State Cover Page:**

"The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise system with a longer operating history."

**Item 5 and Item 7 of the Disclosure Document are amended as follows:**

**“All initial franchise fees paid by you to us will be deferred until we have satisfied all our pre-opening obligations to you and you have commenced doing business:**

**Item 6 Insufficient Funds Fee is amended to add the following:**

**“Minnesota Statute 604.113 provides that a service check imposed on any dishonored check may not exceed \$30”.**

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST., 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. **The following Risk Factor is added to the State Cover Page:**

**“THE FRANCHISOR’S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR’S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.”**

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for

registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

5. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

6. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

7. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

8. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

9. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statement is added to Item 5:

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

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

## **WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit I for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

## **EXHIBIT I**

### **STATE ADDENDA TO FRANCHISE AGREEMENT**

## CALIFORNIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2. **Fee Deferral.** The franchise fee referred to in Section 4.1 of the Agreement and all other pre-opening fees to be paid by Franchisee to GTN, including payments for goods and services before the Business opens are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee.
3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## HAWAII RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Fee Deferral.** The franchise fee referred to in Section 4.1 of the Agreement and all other pre-opening fees to be paid by Franchisee to GTN, including payments for goods and services before the Business opens are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee.
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**5. Fee Deferral.** The franchise fee referred to in Section 4.2 of the Agreement and all other pre-opening fees to be paid by Franchisee to GTN are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

**6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. No Waiver of State Law in Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, GTN shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve GTN or any other person from liability under the Maryland Franchise Law.
- 3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
- 5. Fee Deferral.** The franchise fee referred to in Section 4.1 of the Agreement and all other pre-opening fees to be paid by Franchisee to GTN, including payments for goods and services before the Business opens are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee.
- 6. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
- 7. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**3. Fee Deferral.** The franchise fee referred to in Section 4.2 of the Agreement and all other pre-opening fees to be paid by Franchisee to GTN are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

**4. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve GTN or any other person from any duty or liability imposed by New York General Business Law, Article 33.
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by GTN with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary & Punitive Damages: Neither party waives exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2. **Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## VIRGINIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2. **Fee Deferral.** The franchise fee referred to in Section 4.1 of the Agreement and all other initial fees to be paid by Franchisee to GTN are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee under the Agreement.
3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT  
AND  
RIDER TO FRANCHISE AGREEMENT**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Item 5 of the Disclosure Document and Section 4.2 of the Franchise Agreement are amended to include the following: The initial franchise fee and all other pre-opening fees to be paid by Franchisee to GTN, including payments for goods and services before the Business opens, are deferred until GTN has satisfied all of its pre-opening obligations to Franchisee.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

GTN CAPITAL GROUP LLC

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

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

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

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

## **EXHIBIT J**

### **INFORMATION ABOUT AREA REPRESENTATIVES**

#### **California – Northern California**

##### **LKH Enterprises LLC**

Steve LeClair – Mr. LeClair has been a Franchise Developer through LKH Enterprises LLC in El Dorado Hills, CA since May 2017. He has also been CEO and Owner of LeClair Fitness in El Dorado Hills, CA and other locations since March 2014. He was Regional Sales Manager of PIIC in Roseville, CA from 1993 until February 2014.

Sean Hansen - Mr. Hansen has been a Franchise Developer through LKH Enterprises LLC in El Dorado Hills, CA, since May 2017. He has been an Area Representative and Franchise Developer for WaveMAX Laundry in El Dorado Hills, CA since November 2016. Mr. Hansen was a Director for Kiefer Consulting, Inc. in Folsom, CA from August 2011 to July 2017.

#### **Texas**

Elvin Lee Caraway, III – President, N2G Development, LLC. Mr. Caraway has been President of N2G Development, LLC, in Fort Worth, Texas, since May 2017. He has also been a member of our Advisory Council in Fort Worth, Texas, since May 2017. He has also been self-employed in Fort Worth, Texas, since 2012.

#### **Illinois**

Paul Johnson – Mr. Johnson has been an Area Representative for NerdsToGo in Chicago, Illinois, since September 2017. He has also been Midwest Sale Director for Essence Communications in Chicago, Illinois, since July 2002.



## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If GTN Capital Group LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If GTN Capital Group LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name             | Principal Business Address                     | Telephone Number |
|------------------|------------------------------------------------|------------------|
| David Colella    | 1250 Boston Post Rd # 4, Guilford, CT 06437    | 1-800-390-NERD   |
| Dennis Mulgannon | 347 Stagestop Court, El Dorado Hills, CA 95762 | 408-318-5606     |
| Sean Hansen      | 2574 Stratford Cir, El Dorado Hills, CA 95762  | 916-757-3123     |
|                  |                                                |                  |

Issuance Date: April 19, 2019

I received a disclosure document dated April 19, 2019, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- E. Financial Statements
- F. Operating Manual Table of Contents
- G. Current and Former Franchisees
- H. State Addenda to Disclosure Document
- I. State Addenda to Franchise Agreement
- J. Information About Area Representatives

Signature: \_\_\_\_\_

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

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

**Keep This Copy For Your Records**



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This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Signature: \_\_\_\_\_

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

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

**Return this copy to us.**

**GTN Capital Group LLC - 1250 Boston Post Rd # 4, Guilford, CT 06437**